

Adam Zack

From: jmc779@rockisland.com
Sent: Tuesday, January 28, 2020 11:42 PM
To: Adam Zack; Erika Shook; Rick Hughes
Cc: Charles Toxey; Paul Kamin EWUA; Terry Gillespie; Leith Templin; joAn Mann; brian wiese
Subject: New Data projecting housing growth to 2036
Attachments: Scenario D revised.xlsx; HNA Forecast.pdf

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All, Reading the new revised (12-17-2019) Housing Needs Analysis, see in attachment, page 8-9, we will find the projected housing growth for San Juan County to 2036 is **4,180 dwelling** units based upon State data.

Page 12 tells us that Orcas Island constitutes 33.1% of that growth and assuming one half is allocated to Eastsound, **the projected growth for Eastsound is**

4,180 x .331 x 0.5 = 690 dwelling units. That sounds about right to me allowing for "recreational growth."

Adjusting for liquidity @ 25% and public use @ 5% we get a need for a total capacity of $690 \times 1.25 \times 1.05 = 905$ units.

So the question is then, which capacity scenario to use?

A -100% commercial with 764 units

B 50-50% " " 1,300 "

C - 100% residential " 1,363 " or

D - w/ graded units of 627 units Gross adjusted residential capacity, i.e. $905 - 627 = 278$ units short.

Notwithstanding that scenarios A,B, and C are " theoretically possible", under the existing boundaries and zoning, only scenario D has any basis for projection of future growth or compliance with the Goals and Policies of the Eastsound Plan. Scenario D is the only scenario with any relation to historic growth patterns and any basis fr projected growth.

Does this make sense? It certainly avoids any argument over Recreational Use Factors.

.....jmc

short. See attachment D.

This calculation has the merit of eliding the argument around "Recreational Home Factor" and relying on the State housing growth projection.



SAN JUAN COUNTY
DEPARTMENT OF COMMUNITY DEVELOPMENT

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MEMO

DATE: December 17, 2019

TO: County Council
Planning Commission

CC: Ryan Page, Affordable Housing Coordinator, Health and Community Services
Erika Shook, AICP, Director DCD

FROM: Sophia Cassam, Planner I *SC*
Linda Kuller, AICP, Planning Manager *LK*

RE: San Juan County Comprehensive Plan (*Plan*) Update
Preliminary Draft Housing Element
Fourth Draft Housing Needs Assessment

BRIEFINGS: January 17, 2020, Planning Commission
January 2020, County Council - TBD

ATTACHMENTS: A. Preliminary Draft Section B, Element 5, Housing Element: December 17, 2019
B. Fourth Draft Appendix 5, Housing Needs Assessment: December 17, 2019
C. Existing Housing Element: June 2009
D. WAC 197-11-800 – SEPA Exemptions

Purpose: Transmittal of the first draft of the Housing Element (Element) including proposed goals and policies, and the fourth draft of the Housing Needs Assessment (HNA) for review.

Action requested: Your suggested revisions and additions will be requested at the briefings. Our main focus will be to obtain comments on the Element (Attachment A).

Highlights of the Element and Changes to the HNA: The draft Element is intended to be user friendly and synthesize the most important take-aways of the HNA. Goals and policies reflect community engagement to date. The repeal and replacement of the 2009 Element is proposed because the changes are extensive. For past context, the existing Housing Element is found in Attachment C.

The latest HNA draft includes minor updates that address public comments the County received from the Friends of the San Juans after the last comment period. New and updated vacation rental data requested by the community is also included. Third draft HNA edits are shown in black underline/strikeout and 4th draft edits are shown in red.

Background: The County is updating the Housing Element and HNA to meet the Growth Management Act (GMA) requirements of the *Plan* update. The updated Element and HNA will better reflect current conditions than the existing versions, and take into consideration new information, such as population projections, and land use, economic, social, and environmental data.

The Element and HNA focus on housing throughout the 2036 planning horizon. The Element is based on the analysis in the HNA and provides context for the goals and policies that guide the County's actions. It synthesizes information about key housing issues and challenges the County faces that are addressed in the HNA. The draft Element is clear and more easily readable than the 2009 Element. It incorporates data from the HNA, a technical appendix. The HNA is a data-driven analysis of housing, based on current conditions and population projections. The HNA section regarding land capacity analysis will be updated when DCD has the final results of the analysis for residential dwelling unit capacity in early 2020.

The goals and policies in the Housing Element (Section 5.7) give life to the housing Vision statement through goals that show what *adequate, safe, affordable, and stable housing* should look like and by providing actionable policies to accomplish these goals for various segments of the community. In 2018, the County revised the Vision with community feedback, adding a new section specific to housing.

At Vision workshops, the community identified finding available and affordable housing as a critical challenge for the workforce. They found the existing Vision for housing inadequate because it stated that all housing needs would be met. This is not the case for many individuals and families. The updated Vision states:

“Adequate, safe, affordable, and stable housing helps our community thrive. There are diverse housing types and we use innovative strategies to meet the various housing needs of our community.”

Placeholders in the Element: The Element includes a placeholder for potential policies related to vacation rentals. Because this topic has garnered so much interest, staff is developing more detailed data and information on policy choices. This information and policy options will be brought forward in 2020 for a public conversation. Additionally, there is a placeholder for a discussion on residential land capacity.

Housing Advisory Committee Input: On November 13, 2019, DCD met with County Affordable Housing Coordinator, Ryan Page; Health and Community Services Director, Mark Tompkins; and the Housing Advisory Committee (HAC) at the monthly HAC meeting to obtain feedback on the preliminary draft Element and HNA. This transmittal incorporates the edits and suggestions from that meeting.

Policy related to the State Environmental Policy Act (SEPA) Exemptions: Additional background is helpful for understanding Goal 4, Policy 5 on page 16 of the Element, which refers to WAC 197-11-800 regarding maximum SEPA categorical exemption levels. San Juan County has the opportunity to increase SEPA categorical exemptions levels applicable to housing and other development.

The current exemption in San Juan County Code 18.80.050 allows four detached single-family residential units, four multi-family residential units, and the construction of some agricultural structures up to 10,000 square feet. However, the County may adopt higher exemption levels up to a maximum of 20 single-family residential units and 25 multi-family residential units in unincorporated areas, and 30 single-family residential units and 60 multi-family residential units in unincorporated UGAs, such as Eastsound and Lopez Village. There is a process listed for raising exemption levels in WAC 197-11-800 for transparency, public comment, and protections against environmental impacts.

WAC 197-11-800(1)(D) Maximum exemption levels

Project types	Fully planning GMA counties		All other counties
	Incorporated and unincorporated UGA	Other unincorporated areas	Incorporated and unincorporated areas
Single family residential	30 units	20 units	20 units
Multifamily residential	60 units	25 units	25 units
Barn, loafing shed, farm equipment storage, produce storage or packing structure	40,000 square feet	40,000 square feet	40,000 square feet
Office, school, commercial, recreational, service, storage building, parking facilities	30,000 square feet and 90 parking spaces	12,000 square feet and 40 parking spaces	12,000 square feet and 40 parking spaces
Fill or excavation	1,000 cubic yards	1,000 cubic yards	1,000 cubic yards

How to Comment: Public comments are requested on the December 17, 2019 drafts by 4:30 pm on January 16, 2020. Please submit your comments to compplancomments@sanjuanico.com with the subject line: RE: Housing Element and HNA. Please provide your contact information for the record and identify the page and line number pertaining to the comment. If possible, provide specific alternative or additional language. Comments may also be submitted to the SJC Department of Community Development at PO Box 947, 935 Rhone Street, Friday Harbor, WA 98250, attn. Sophia Cassam.

COMPREHENSIVE PLAN

SECTION B, ELEMENT 5

HOUSING ELEMENT

December 17, 2019

1st DRAFT

Housing Element

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5.1 INTRODUCTION

The County's Comprehensive Plan (*Plan*) Vision 2036 states:

"Adequate, safe, affordable, and stable housing helps our community thrive.

There are diverse housing types and we use innovative strategies to meet the various housing needs of our community."

This Vision identifies housing as a foundational human need, necessary to create the vibrant and diverse community we envision. In addressing the challenge of housing the County's people, it is essential to do so in a manner that protects the natural environment, suits the character of the islands, respects private property rights, and addresses unique island obstacles. The islands face specific challenges, such as a shortage of consistent skilled labor, high material costs, and the imperative of preserving rural character.

Meeting current and future housing needs is an issue with substantial social, economic, and environmental implications. Extensive housing development in rural areas could be detrimental to natural resources and the environment, and could alter the San Juan Islands' sense of place. Sprawling, low-density development would jeopardize San Juan County's rural character. The choices we make today have the potential to have a lasting long-term impact on the community.

Two overarching challenges San Juan County faces are availability and affordability of housing. By 2036 there are projected to be 9,521 households and 18,059 housing units in the county. While there appear to be more than enough units to house everyone who lives here, there are not enough units actually available for purchase by low and moderate income people or rentals for long-term or seasonal workers. Available units are often not affordable to those who rely on wage incomes in San Juan County. The County, its Housing Advisory Committee and housing non-profits can increase opportunities for affordable housing and set the stage for affordable housing efforts by non-profits and private developers to be successful.

The Housing Element is meant to guide plans for the existing and projected housing needs of all the County's people. It identifies the expected resident population, provides an inventory and analysis of existing housing, and identifies housing needs based on both current conditions and projected growth. The goals and policies are actionable and reflect the County's and community's priorities. Appendix A.5, the Housing Needs Assessment (HNA), provides more detailed information on population and housing characteristics and projections.

5.2 RELATIONSHIP TO OTHER *PLAN* ELEMENTS

The Housing Element is both a stand-alone document meant to guide the implementation of housing-related actions in the County, and a supporting piece of the *Plan* as a whole. It is closely tied to other planning elements such as land use, economic development, and capital facilities. The data and findings that support the Housing Element, including the Housing Needs Assessment (Appendix 5), the Land Capacity Analysis (Appendix 1), and Population Projection (Appendix 1), also inform other elements of the *Plan*.

1 The Housing Element not only supports the housing Vision, but also the other parts of the Vision. For
2 example, the housing policies in this Element support the Land Use Element's vision of conserving rural,
3 agricultural and resource lands, protecting critical areas, and maintaining rural character. It relies on the
4 Economic Development Element's vision of stable jobs that "provide wages that allow islanders to live,
5 work and thrive locally," and is an important contributing factor to a diverse and resilient economy. The
6 Housing Element is a key part of the Basic Human Needs vision of the islands being a place where all
7 people are safe, day and night. The Elements of this *Plan* are closely intertwined and both support and
8 rely on each other's ability to accomplish their Vision statements.
9
10

5.3 POPULATION AND DEMOGRAPHICS

In planning for present and future housing needs, it is essential to identify the population for whom the County is planning. The County bases its housing policies on housing needs, which depend greatly on projected population growth and demographic factors such as age and socioeconomic status. Population projections are in Appendix A.1.

Projected 2036 Population

As noted in Table 1 below, San Juan County's population in 2016 was 16,314 people. By the year 2036 it is projected to increase about 19 percent to reach 19,423 people. Past population projections overestimated the County's growth, anticipating a population of 19,150 people by 2015. Population growth is largely due to in-migration, rather than natural increase. The majority of the County's population lives on San Juan, Orcas and Lopez islands, while the remainder live on Shaw Island and non-ferry served islands. The largest population center is Friday Harbor, San Juan Island, the County's one incorporated town, with a population of 2,250 people. Friday Harbor is projected to increase by 902 people by 2036 to a population of 3,152. There are also population hubs in the Lopez Village and Eastsound Urban Growth Areas, and the villages, hamlets and subareas on the islands. The projected increase in population will require strategic action to accommodate growth.

Table 1. San Juan County Population Growth by Island and Housing Units 2036.

Island	2016 Population	% of Total County Population (2016)	2036 Population By Island	% Population By Island (2036)	Pop Growth by Island	Total # New Housing Units**	New Housing Units in UGA
San Juan Island (unincorp.)*	5,560	34.1%	6,146	31.6%	586	287	-
Friday Harbor*	2,250	13.8%	3,152	16.2%	902	442	442
San Juan Island Subtotal	7,810	47.9%	9,298	47.9%	1,488	729	442
Orcas	5,395	33.1%	6,423	33.1%	1,028	504	252
Lopez	2,466	15.1%	2,936	15.1%	470	230	115
Shaw	241	1.5%	287	1.5%	46	23	0
Total Ferry Served	15,912	97.5%	18,944	97.5%	3,032	1,486	809
Total Non-Ferry Served	402	2.5%	479	2.5%	77	38	0
Total	16,314	100.0%	19,423***	100.0%	3,109	1,524	809

Source: U.S. Census, OFM annual estimate.

*1.7 percent annual population growth rate attributed to the Town of Friday Harbor from personal correspondence with the Town of Friday Harbor's Land Use Administrator, Mike Bertrand, on March 9, 2017.

** Population growth ÷ average household size (2.04)

***19,423 ÷ 2.04 = 9,525 total households County-wide projected for year 2036

Seasonal Population

San Juan County's population size varies throughout the year. There are a significant number of seasonal residents and visitors in addition to year-round residents. The *2018 San Juan Island Visitors Study* (Study), based on ferry ridership patterns during the year, found that the daily population balloons during the peak

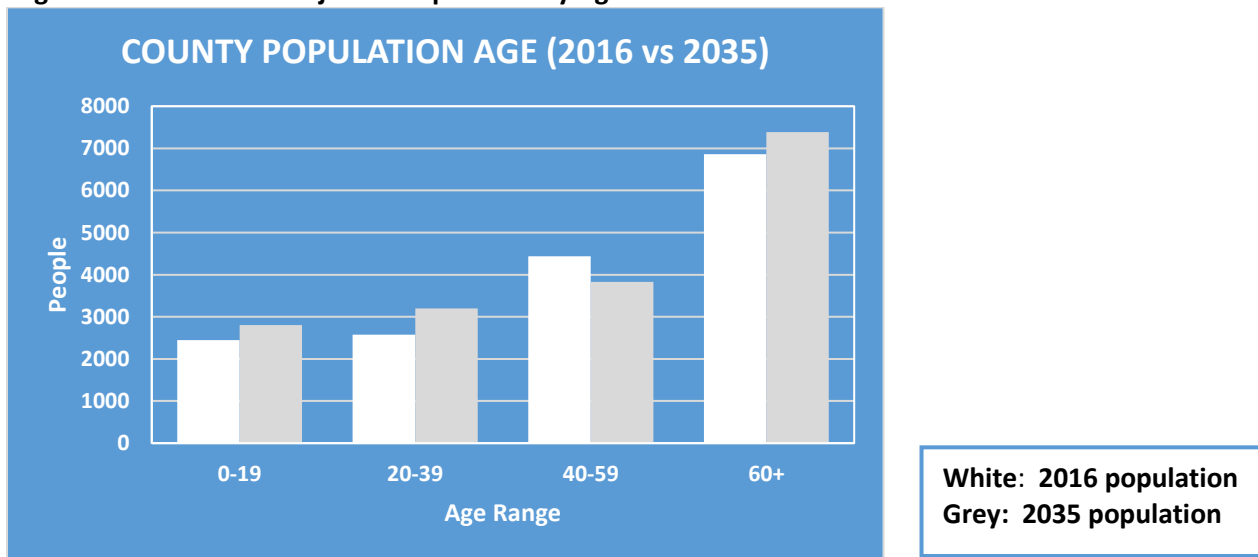
season of June through September. During the 2017 peak season, there was an estimated daily average of 24,810 people in the County, while the population during the off-season was estimated at 16,314 people. The Study projects the peak season population to be between 27,810 and 29,810 people by 2036. This *Plan* considers not only the growth of the Islands' year-round resident population, but also the growth of the seasonal and visitor population.

Age

Understanding the population's age distribution can help the County anticipate future housing needs. Figure 1 shows the estimated distribution of median age between 2016 and 2035. The median age of the County's population increased from 47 years old in 2000 to 55 in 2015. This means that half of the population in the County is 54 years or older. By comparison, the State median age is 37. An increase in median age indicates an aging population. The skewed older age of the population in San Juan County affects the types of housing needed, as well as the population's income sources. San Juan County's population has a high proportion of people over 60 years of age. The median age is increasing over time, indicating that the overall population is aging.

State median age: 37 years
SJC median age: 55 years

Figure 1. Current and Projected Population by Age.



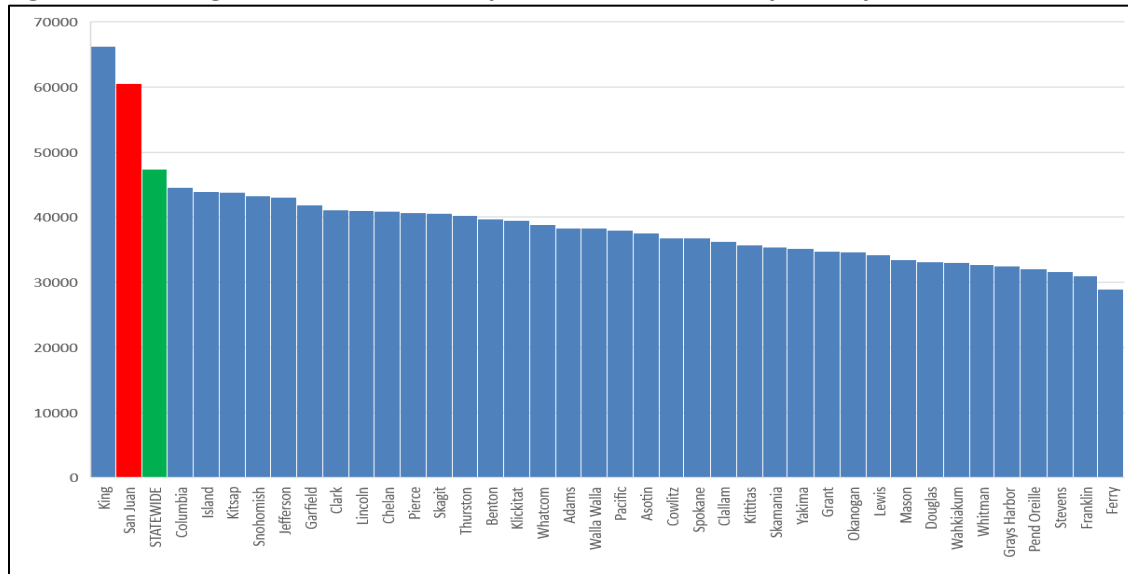
Source: WA OFM GMA 2012 Intermediate Projections

Income

Income affects the affordability of housing. Many households acquire their income from sources outside the County, driving up home values and outpricing those who rely on wages earned on the islands. In 2015, San Juan County had the second highest per capita income in the State of Washington, at \$60,489 in 2015, compared to the State average of \$47,381 (Figure 2). However, the average annual wage income in the County was well below the State average, at \$33,890 (Figure 3). Reflecting an elderly and likely high percentage of retired residents, the majority of income in the County is from property income, as opposed to income earned through wages. Transfer payments are also an important source of personal income for County residents.

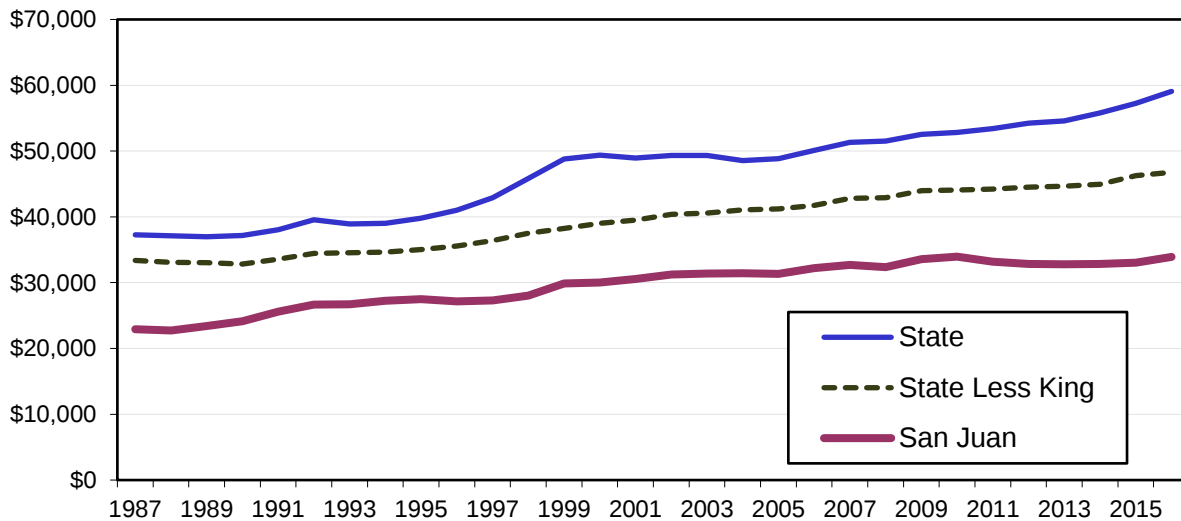
With a low average annual wage income, many people in San Juan County live at and around the Federal Poverty Level (FPL), despite the County's high per capita income. In 2016, 11 percent of households in the County were living below the FPL, and an additional 22 percent were just above the FPL but could not afford a basic household budget. Meeting basic needs such as housing, food, childcare, transportation and healthcare, is highly challenging for about one third of the County.

Figure 2. Washington State Real¹ Per Capita Personal Income by County, 2015.



Source: Calculations by the Washington Regional Economic Analysis Project (WA-REAP) with data provided by the U.S. Department of Commerce, Bureau of Economic Analysis

Figure 3. Average Annual Wage, Adjusted for Inflation, 1987 - 2015.



Source: Washington State Dept. of Employment Security San Juan County Data Tables

Average Annual Wage in San Juan County has consistently been well below the state average.

¹ Real per capita personal income determined using the Chain-Weight Implicit Price Deflator for Personal Consumption (2009=1.00).

5.4 HOUSING PROJECTIONS AND INVENTORY

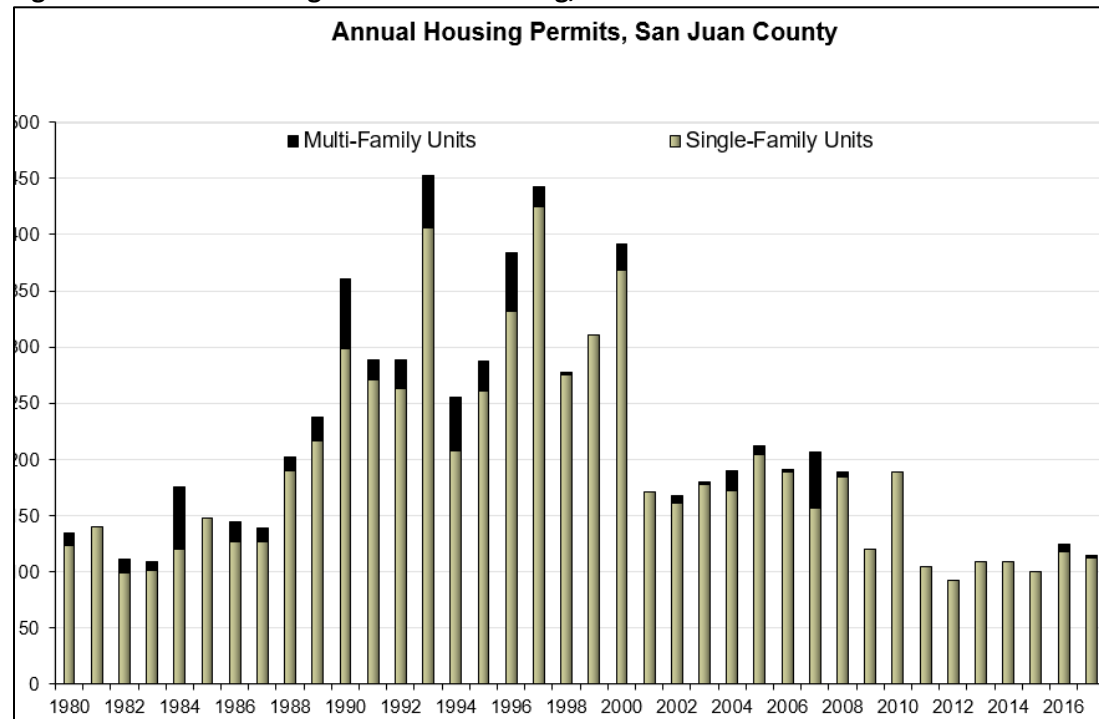
2036 Housing Projections

By assessing the housing inventory in the San Juan Islands for factors such as housing stock, cost, occupancy status, and housing condition, the County can identify more specifically where there is need. This provides a starting point when working to meet the Vision and fulfill future needs. Housing stock refers to the number of housing units in the County. In 2016, there were 13,859 housing units—an increase of 3,867 units from 2000. Based on the 2036 population projection there will need to be an additional 1,524 units by 2036 in order to adequately accommodate an expected total of 9,521 households (Table 1). Here, “households” refers to all the people who occupy a housing unit as their primary residence. By 2036 there are expected to be 4,180 new housing units for a total of 18,059 units, based on past building permit data. Many of these units will likely be considered vacant, the majority of which will be used for seasonal, recreational or occasional use. The HNA provides housing projections at the island level.

Housing Type

The HNA indicates that San Juan County has a lack of diversity of housing types with sparse numbers of multi-family units, which are often more affordable than stand-alone single family residences. This limits rental availability and is linked to housing affordability for those unable to afford to purchase a home. Figure 4, below, shows that few permits for multi-family housing units have been issued, particularly since 2009. No multi-family building permits were issued between 2009 and 2015. In 2016, 83 percent of housing units in the County were single-unit and stand-alone, 6.7 percent of housing consisted of two or more units, and 10.3 percent were mobile homes or special units.

Figure 4. Annual Building Permits for Housing, 1980 - 2017.



Source: WA Employment Security Department

Housing Condition

Overall, the housing units in the County are newer and in good condition. Many of the County's housing units (45 percent) were built after 1990. Only 19 percent of units were built before 1970. Census level data on the condition of living quarters is limited, but according to the American Community Survey, the number of occupied housing units lacking complete plumbing facilities increased in the County from 1.7 percent in 2010 to 3.2 percent in 2015. The rest of the State remained flat at 0.5 percent over this period. Additionally, occupied housing units lacking complete kitchen facilities doubled from 0.9 percent in 2010 to 2 percent in 2015 while the rest of the State has remained static.

According to the local family resource centers, there has been an increase in the number of families living in substandard housing with poor conditions such as trailers or recreational vehicles. They find it is common for people to live some or all of the year in tents. Also, the largest percentage of respondents to the County's 2017 Point in Time Homeless Count were those living in substandard structures.

Occupancy Status

Table 2, below, regarding occupancy status provides insight on how many vacant and owner or renter occupied units there were between 2000 and 2010 and in 2015. In 2015 the County had 40 percent owner occupied housing, 16 percent renter occupied, and 43 percent vacant. Vacant housing includes units used for seasonal, recreational or occasional use. The San Juan Islands' status as a vacation destination affects the occupancy demographics of housing units in the County, as many of the vacant homes have out-of-county owners and are used only seasonally and/or as vacation rentals. According to the 2015 American Community Survey, homes for seasonal, recreational or occasional use make up 81 percent of vacant homes in the County. San Juan County's housing challenge is not necessarily due to a sheer lack of housing units, but rather, a lack of units available for year-round residents to purchase or rent affordably.

Table 2. San Juan County Housing by Occupancy.

	2000 Census	2010 Census	Change from 2000 - 2010	2015 ACS
Total housing units	9,752	13,313	+3561	13,619
Owner occupied	4,754	5,360	+606	5,507
Renter occupied	1,712	2,253	+541	2,201
Vacant housing units	3,286	5,700	+2414	5,911
Percentage of Total				
Owner occupied	48.75%	40.26%	-8.49%	40.44%
Renter occupied	17.56%	16.92%	-0.63%	16.16%
Vacant housing units	33.70%	42.82%	+9.12%	43.40%
Vacant Housing Unit by Type				
For seasonal, recreational, or occasional use	2,776	4,748	+1972	4,808
For sale only	82	187	+105	222
For rent	129	311	+182	214
Rented or sold, not occupied	63	57	-6	111
For migrant workers	0	5	+5	0
Other vacant	236	392	+156	556

Source: U.S. Census Bureau, 2000 Census, 2010 Census, 2011-2015 American Community Survey 5-Year Estimates

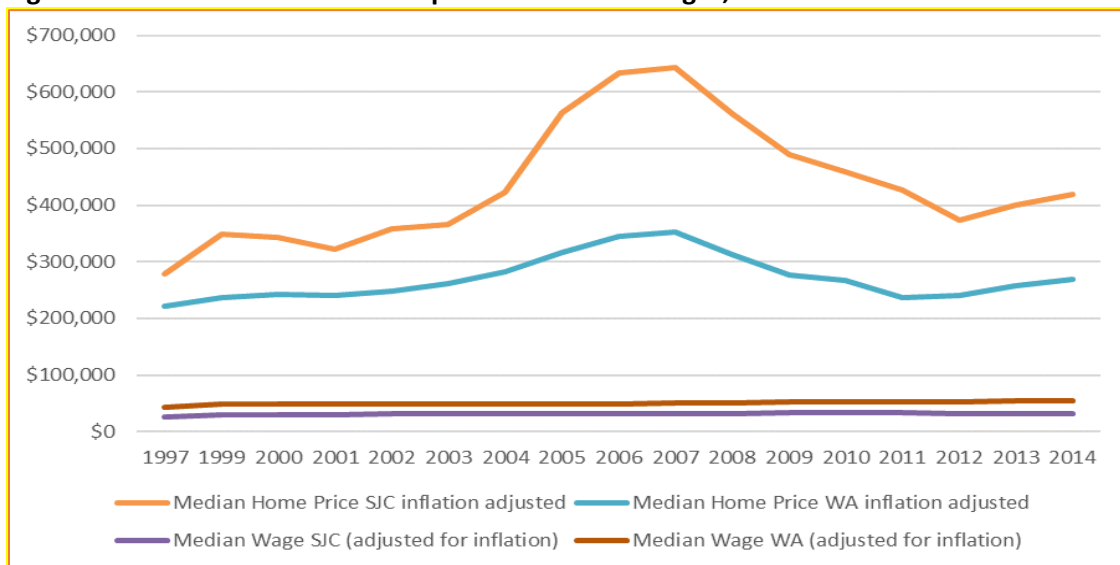
Housing cost

Home prices in San Juan County have risen every year since 2012, and appear to be uncorrelated to median wages. This implies that economic forces outside of the local County economy drive housing demand in the County.

The median home resale value in San Juan County is high compared to the rest of Washington State. Here, the median home value is \$465,500, nearly 30 percent higher than the state median. Only 22 percent of owner-occupied houses in San Juan County are valued between \$100,000 and \$300,000, compared to 50 percent in the rest of Washington State. High home values makes entering and participating in the housing market particularly difficult for first time homebuyers, who may not have sufficient capital to make a large down payment even if they can afford monthly mortgage costs. High home values, low supply and high demand make the cost of rentals high as well.

In San Juan County, people make less in wages and pay far more for housing in comparison the rest of the State. In San Juan County, high home prices and low average earned income makes purchasing a home difficult and unavailable to a significant portion of the population. Figure 5, below, compares median home price and median wage in San Juan County in contrast to the Washington State medians.

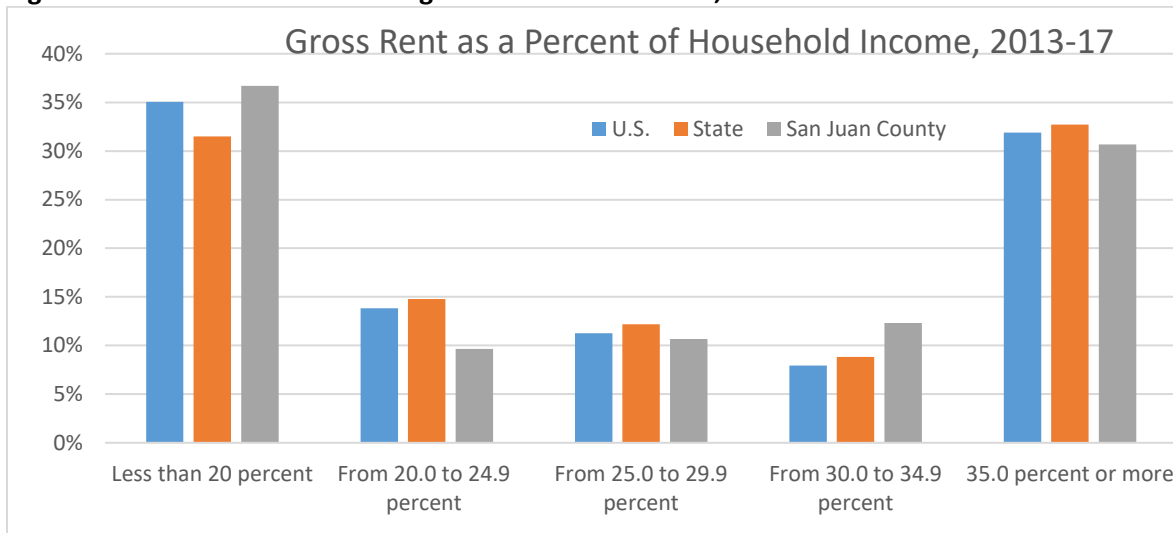
Figure 5. Median Home Prices Compared to Median Wages, 1997 - 2014.



Source: Runstad Center for Real Estate Research; Bureau of Labor Statistics, CPI Inflation Calculator
<https://fortress.wa.gov/esd/employmentdata/docs/regional-reports/san-juan-county-data-tables.xlsx>;

High rent compared to income puts pressure on many households. Figure 6, below, shows what percent of household income is spent, compared to the U.S. and the State. In San Juan County, 43 percent of renters spend over 30 percent of their income on rent. For households making \$50,000 per year or less, the estimated affordable rent is \$1,035 per month, not including utilities. Section 5.4.5 of the HNA states that there are 2.7 times as many households making \$50,000 or less than there are rentals with gross rent below \$1,000 per month. There are not enough affordable rental housing units to fulfil the need.

Figure 6. Gross Rent as a Percentage of Household Income, 2013 - 2017.



Source: WA State Employment Security Department

Vacation Rentals

Many island residents are concerned about the potential effects of vacation rentals (VR) and expansion of tourism on the community and the environment. The rise of online vacation rental services has created new pressures on vacation destination community housing supplies, often in unexpected ways. Figure 5-16 in the HNA shows that the number of vacation rental permits in the County has steadily increased since 2000, long before the increased popularity of online booking websites. Online advertising has also increased the County's ability to enforce against unpermitted vacation rentals.

The average rate of growth for vacation rental permits was approximately 51 per year over the last 20 years. Despite this growth, vacation rental permitted dwellings only made up seven percent of the total housing stock in 2015 (see Figure 5-15 in the HNA, Appendix A.5) and 15 percent of the total vacant housing stock. This figure does not account for vacation rentals that are operated without a permit. Possible trends in VR permits, such as changes in the number of permits and in the percentage of units in the County with permits, are also addressed in the HNA. However, community concern over the potential impacts of vacation rentals may result in modifications of those trends in the future.

The County began a certification of compliance program for vacation rentals in 2018, sending out 1,040 notices to vacation rental permit holders in the first year. Of those, compliance certificates were received for 537 permits. Of those, only 372 permit holders indicated that they were actively utilizing their property as a vacation rental. In 2018 - 2019 the County received \$98,100 in code enforcement penalties from code enforcement actions on unpermitted rentals. Code enforcement is continuing for uncertified permit holders and those that operate without permits.

Community conversations identified many concerns with vacation rentals. Primary concerns include the saturation levels in certain neighborhoods and subdivisions, development of multiple vacation rentals on one parcel similar to a hotel, nuisances, potential trespassing, and the potential for vacation rentals to impact the availability of long-term rentals.

5.5 LAND CAPACITY ANALYSIS

The Land Capacity Analysis (LCA) in *Plan* Appendix 1 is a planning tool that explores the islands' maximum possible development capacity based on current land use regulations. Development can be contrary to the San Juan County Vision and the islands' rural character; therefore, housing development should be focused on areas already designated for higher density. The LCA, in conjunction with population projections and the Housing Needs Assessment, can be used to locate opportunities for meeting San Juan County's growing housing needs. The LCA helps show where higher density development is possible and what options are for housing different types. This element of the *Plan* seeks to ease tension between the desire to preserve rural character and to address the County's growing housing needs.

Land Capacity information unavailable at the time of this draft. Discussion of potential residential land capacity in San Juan County will be added after the LCA is complete.

5.6 KEY ISSUES AND CHALLENGES

As a social, economic, health and environmental issue, housing brings forth complex, multifaceted challenges. The County has identified two overarching challenges for fulfilling housing needs: availability and affordability. There is a lack of housing units available to residents, affordable to those living on wage earned income. The Lopez Family Resource Center summed up the benefits of having stable housing. Stable housing is necessary for prosperous, healthy communities, thriving children, and economic development. It also sustains a year round community.

Housing availability

Availability refers to the housing unit stock people have the opportunity to choose from when they are seeking a place to live. There were 7,997 households in San Juan County in 2016, which is expected to increase to 9,521 households by 2036. In San Juan County the average household size was 2.04 people in 2016. In 2016, there were 13,859 housing units in the County. Of these units, 57 percent were either owner or renter occupied and 43 percent were vacant. Eighty-one percent of all vacant homes were either used for occasional, seasonal, or recreational purposes, and were only occupied part of the year by their owners or as vacation rentals.

Affordability

Housing that is affordable allows people to pay for their housing while also meeting their other needs and maintaining a high quality of life. Affordability depends on income and housing cost: what is affordable to someone with a high income may not be affordable for someone with a low income. Generally, when a household spends 30 percent or less of its monthly income on housing, that housing is considered affordable.

Affordable means a household is spending 30 percent or less of monthly income on housing.

Cost burdened refers to spending over 30 percent of monthly income on housing.

By the Housing Affordability Index (Table 5-12 in the Housing Needs Assessment, Appendix 5), San Juan County is considered the least affordable county in the State of Washington. The median home value in San Juan County was \$453,000 in 2017. This is 30 percent higher than that of the State of Washington. Yet, median wage income in San Juan County is 43 percent lower than that of the State. With higher than average housing costs paired with below average wages, it is

unsurprising that many San Juan County households spend over 30 percent of their monthly income on housing related costs. In 2015, 39 percent of households in the County were considered “cost-burdened” because they spent more than 30 percent of their monthly income on housing. There is a lack of affordable housing within nearly every income bracket; however, households with lower incomes are cost burdened at the highest rate.

Past, Present, and Future Efforts

Affordable housing non-profits, including community land trusts, have continued to chip away at the challenge of affordability by creating reliable housing opportunities for Islanders with lower incomes. Alone, the scale at which these non-profits presently operate will not be adequate to fulfil all housing needs by 2036. Other County and Federal assistance will be crucial.

In 2018, voters approved the San Juan County Home Fund, which will generate funds over time to develop, produce and/or preserve affordable housing. The Home Fund is generated by a Real Estate Excise Tax (REET) on the purchase and sale of real property in the County at the rate of one-half of one percent of the selling price. This REET is projected to generate \$15.2 million for affordable housing over a 12-year period.

The March 21, 2017, San Juan County Affordable Housing Workgroup Strategic Action Plan (Strategic Plan) lays out three actionable strategies for addressing the County’s affordable housing challenges:

- 1) Educate the public on the availability and affordability of housing.
- 2) Increase the affordability and availability of housing stock.
- 3) Maintain existing housing stock that is affordable.

It identifies specific housing needs with regard to long-term rentals of various price ranges, as well as worker housing, lower price range homeownership and housing with supportive services. There are several actions for each strategy. The HAC assigns a responsible organization and tracks the status of the actions in the Strategic Plan to maintain accountability.

Takeaways Informing Housing Goals and Policies

Considering this assessment of population and housing, the housing goals and policies will put an emphasis on supporting the development of:

- Permanently affordable units for residents
- Year-round rentals for residents as opposed to seasonal rentals;
- Support for first time-home buyers;
- Multi-family development in Urban Growth Areas and Activity Centers designated for higher density;
- A diversity of housing opportunities;
- Fewer instances of substandard housing; and
- Affordable housing projects by non-profits.

5.7 HOUSING GOALS AND POLICIES

Housing goals and policies guide San Juan County's actions pertaining to housing. Goals are items the County hopes to accomplish, and policies are the practices or actions the County intends to carry out as a way of meeting goals. These goals and policies are informed by many sources, including existing policies, community feedback, and the data and analysis in the Housing Needs Assessment (Appendix 5).

5.7.A GENERAL HOUSING INVENTORY, TYPES, CATEGORIES, AND CONDITION

Goal 1. Meet the projected 2036 housing demand for permanent and seasonal homes.

Policies:

1. Take the following actions in Urban Growth Areas and Activity Centers:
 - Incentivize the construction of multi-family and mixed-use developments;
 - Reduce the cost of public services by increasing incentives for denser development; and
 - Work with the SJC Building Advisory Committee to understand market factors that limit more dense development in these areas.
2. Develop housing stock that meets the needs of those in the low, moderate, middle and upper-middle income brackets.
3. Increase the inventory of long-term rentals through permit requirements and modifications to the development code.
4. Increase the availability of seasonal rentals for workers. Support development of specific standards for locating seasonal and year-round worker housing such as dorms, bunkhouses, hostels, group homes, home shares, and other communal living arrangements.
5. Allow farmworker housing on properties where commercial agriculture is conducted, not only those properties in agricultural open space tax programs.

Goal 2. Meet the housing needs of special populations such as veterans, the elderly, differently abled, mentally ill, victims of domestic violence, and those at-risk of or currently facing homelessness.

Policies:

1. Identify appropriate land use designations to expand areas that allow housing that meets the needs of the elderly population, such as group homes, assisted living residences and skilled nursing facilities, and support weatherization and home maintenance programs for the elderly.
2. Advocate for the cold weather shelters on San Juan and Orcas islands and promote the development of a shelter on Lopez Island.
3. Implement the County's five-year Homeless Plan and support services in order to reduce homelessness and increase opportunities for wellbeing in San Juan County.

1 4. Reduce obstacles for the development of new housing opportunities for vulnerable populations
2 such as safe homes for domestic violence victims, transitional housing for the recently homeless,
3 and the host home program for at-risk youth and youth experiencing emergencies.
4

5 5. Continue to implement housing assistance for eligible veterans through the Veterans Assistance
6 Fund.
7

8 **Goal 3. Improve housing condition and reduce the number of substandard housing units.**

9 Policies:

10 1. Utilize all available resources to complete weatherization upgrades and provide energy
11 assistance.
12

13 2. Promote health related improvements to older homes, such as the abatement of lead based paint,
14 asbestos, and other potentially harmful materials.
15

16 3. Review and revise permit process for home remodels to ensure compliance with State lead
17 regulations and reduce the risk of exposure.
18

19 4. Support grant acquisitions for the development of home improvement programs to raise the
20 quality and safety of currently substandard housing.
21

22 5. Support non-profit programs that identify and reduce the number of substandard units.
23

24 **Goal 4. Reduce the costs of maintaining existing homes and constructing new housing units.**

25 Policies:

26 1. Boost the development of construction trades on the Islands by supporting the Economic
27 Development Council to provide training and certification courses at Skagit Valley College.
28

29 2. Expedite permitting of approved stock construction plans to reduce building permit costs.
30

31 3. Continue the owner-builder permit program to enable County residents to construct their own
32 homes.
33

34 4. Reduce barriers to the construction of affordable housing by lowering building permit fees for
35 affordable housing development projects.
36

37 5. Adopt increases in SEPA categorical exemptions for residential and mixed-use development using
38 the maximum SEPA categorical exemption levels in WAC 197-11-800 to save developers time and
39 money.
40

41 6. Develop standards for tiny home building site plans where water and sewer services exist and
42 adopt the Washington State Building Code Council's tiny home codes in 2020.
43

7. Expand the prevalence of tool lending libraries on the most populated islands to increase people's access to the tools they need to maintain their homes.
8. Provide information on pre-fabricated building materials and encourage their use as a way for owner-builders to reduce construction costs.

Goal 5. Promote climate resiliency by minimizing the environmental impacts of the existing and future housing stock in San Juan County.

Policies:

1. Consider climate change risks in siting Urban Growth Area expansions and new affordable housing locations, and avoid sites projected to have increased risk of flooding, landslides, severe erosion, or water shortages.
2. Identify and support partners that work to increase the environmental sustainability of housing on the Islands by means such as reducing energy use, protecting critical areas, and mitigating climate change impacts.
3. Provide information about and support the use of green and alternative building materials.
4. Incentivize investments in energy conservation, efficiency, and renewable energy generation for new and existing housing units.

5.7.B AFFORDABILITY

Goal 6. Increase the number of resale-restricted affordable housing units.

Policies:

1. Support applications to the WA State Housing Finance Commission Land Acquisition Program (LAP) for assistance in purchasing land for affordable housing development.
2. Facilitate collaboration among non-profit and private housing developers to encourage and enhance the conservation of existing housing units.
3. Expand and implement the 2018 Home-Share Pilot Program completed on San Juan Island and make it feasible in more island communities.
4. Promote the design, construction, and maintenance of quality affordable rental units to serve long-term residents of various family sizes and income levels.

Goal 7. Adopt regulations in the San Juan County Unified Development Code and Comprehensive *Plan* elements that facilitate access to affordable housing by increasing the number of available affordable units and widening the range of people who qualify for affordable housing.

Policies:

1. Expand the existing density bonus program to provide further incentives for creating affordable housing in Urban Growth Areas and Activity Centers.
2. Allow bonuses for multi-family affordable housing development.
3. Allow nonprofits and private developers to develop small-scale rural residential clusters with long-term affordability restrictions and no more than twelve dwelling units each, within rural residential, rural farm forest, and Village, Hamlet and Residential Activity Centers.
4. Expand allowances for detached accessory dwelling units restricted for affordable housing or long-term rental. *Pending GMA risk analysis*

Goal 8. Partner with organizations that support housing affordability, and leverage the County's access to resources to utilize and provide programs that increase access to housing for middle to low-income households.

Policies:

1. Collaborate with non-profits to provide housing support services such as rental, homeownership and utilities assistance programs for low to moderate income households.
2. Utilize state and federal housing resources and grant programs to the maximum extent possible consistent with the goals and policies of this Element for affordable housing development, rental and homeownership down payment assistance, weatherization assistance, and infrastructure development related to affordable housing.
3. Leverage local funding sources to attract state, federal and private dollars to support the development of housing affordability programs.
4. Provide, as appropriate, for the sale or lease of County-owned land for permanently affordable housing development.
5. Facilitate and support the development of down payment assistance programs such as the Equity Loan Program and work with banks to develop programs to roll down payments into mortgages.
6. Lobby for funding support for affordable housing programs in rural areas using tax credits.

5.7.C VACATION RENTALS

Goal 9.

Policies: Placeholder to be completed after a public policy discussion.

COMPREHENSIVE PLAN

Appendix 5

HOUSING NEEDS ASSESSMENT

December 17, 2019 – 4th DRAFT

Amends the March 28, 2019 3rd Draft

APPENDIX 5 HOUSING NEEDS ASSESSMENT

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APPENDIX

1. Resolution No.13-2017 Adopting the San Juan County Affordable Housing Workgroup Strategic Action Plan.

5.1 Executive Summary

Housing is a critical component of the County's social well-being, quality of life and economic vitality, all of which are interconnected. The San Juan County Housing Needs Assessment provides the foundation upon which the Comprehensive Plan's goals, policies and strategic actions are developed to ensure the vitality and character of established residential neighborhoods, encourage the availability of affordable housing to all economic segments of the population, promote a variety of residential densities and housing types, and encourage preservation of the existing housing stock. It will also influence the goals and policies of other Comprehensive Plan elements.

State Overview

Although Washington State's economy is currently strong and growing, housing availability and affordability is one of Washington State's most challenging issues. Washington is the third most expensive state in the nation for housing. Home purchase prices are growing. The State's rental vacancy rates are below average. According to the American Community Survey (ACS), this rate was 3.3 percent in 2015 compared to 5.8 percent in 2010. According to the *State of Washington Housing Needs Assessment, January 2015*, cost burden is a large and growing problem for middle and lower-income families in Washington. Many are severely cost burdened. Increasingly, affordability has become a driver of homelessness in the state.

San Juan County is not alone in facing major housing challenges given State trends. In addition, San Juan County faces challenges and needs because it is an island community with island-specific needs, has a predominate service sector economy, experiences seasonal economic swings, and has large elderly, seasonal and recreational populations.

Key Issues and Trends

Population Growth

- The County's population is steadily increasing and aging.
- By the year 2036, it is expected to increase by 3,109 people (19 percent) from 16, 314 to 19,423 based on the maintenance of the County's proportionate share of the State's population, primarily driven by migration.
- Population is aging and shows a diminished presence of 20 to 40 year olds compared to the State. The Office of Financial Management predicts that nearly 45 percent of the County's population will be 60 or older by the year 2030, a 3 percent increase from 2016.

2016 Household Size, Number of Households and Housing Units

- In 2016, the average household size was 2.04 persons and there were 7,997 households in the County.
- The County's supply of housing units in 2016 was numerically adequate for the 7,997 households although much of the housing stock was unavailable to permanent residents due to vacancy or affordability.

2036 Household Size, Number of Households, and Housing Units

- The County's population projection for 2036 is 19,423 people. At the current rate of 2.04 people per household, 9,521 households will need to be housed in 2036.
- Based on the 2036 population projection and the number of households in 2016, it is estimated an additional 1,524 housing units will be needed to accommodate the addition of 1,524 households.
- It is projected that the County will have 18,059 housing units by 2036 based on past building permit data.

Housing Inventory, Type and Occupancy

- There were 13,859 housing units in the County in 2016 for a population of 16,314 (1 housing unit for every 1.17 residents).
- San Juan County shows a lack of diversity of housing types with few multi-family units. In 2015, 84 percent of structures in the County were 1-unit detached structures, as opposed to 63 percent statewide. Only 3.4 percent of the structures in the County consist of five or more units, compared to 19.5 percent statewide.
- Of the existing 13,859 housing units in 2016, 82.9 percent were single-unit dwellings, 6.7 percent were two-unit or more, and 10.3 percent were mobile homes.
- No multi-family unit permits were issued from 2009-2015.
- Only 16 percent of the County's total housing inventory was renter occupied in 2015 compared to 34 percent statewide.
- The majority of vacant housing units in the County are categorized by the American Community Survey (ACS) "For seasonal, recreational or occasional use."

Housing Stock Age and Condition

- Many of the County's housing units (45 percent) were built after 1990.
- Only 19 percent were built before 1970.
- San Juan County has seen an increase in occupied housing units lacking complete plumbing facilities and/or complete kitchen facilities in recent years. Information on substandard housing in the County is incomplete but local Family Resource Centers have experienced an increase in people seeking services who are living in substandard housing.

Vacation Rentals

- The number of vacation rentals in the County has steadily increased since the year 2000 and made up 7 percent of the total housing stock in 2015.
- From 2005-2010, there were 5.5 new dwelling units created in the County for every vacation rental permit issued per year.
- From 2011-2016, there were only 2.18 new dwelling units per vacation rental permit.
- The decline in new construction appears to have more influence on housing supply and availability than vacation rentals.
- Current trends predict 1,500 - 2,000 permitted vacation rentals in San Juan County by 2036.
- The vacation rental share of total housing can be expected to be between eight and eleven percent by 2036 given permit trends.

Rental Housing

- Renter-occupied housing units make up 16 percent of the houses in San Juan County, roughly 50 percent less than the ratio in the rest of Washington.
- One fourth of all rental units in the County cost \$1,250 or more a month.
- For households in the County making \$50,000 or less, there exists only one affordable rental unit for every 2.7 households.
- Rental housing in the County can be volatile and it is affected by seasonal economic shifts due to tourism and part-time residents.

Homelessness

- The 2017 Point in Time Count recorded the highest number of individuals considered homeless or at risk of homelessness residing in the County since the inception of the count.
- The highest percentage of respondents during the 2017 count were those living in substandard structures including recreational vehicles, trailers or tents.
- In 2019, 149 people were considered homeless or at risk of homelessness in the County.

Median Home Values

- The median home price in San Juan County has risen every year since 2012 and is currently 30 percent higher than the rest of Washington State.
- The median resale price of homes in the County in the first quarter of 2017 was \$453,100, 30 percent higher than the rest of Washington State.
- Home prices in San Juan County have risen every year since 2012 and appear to be uncorrelated to median wages. This implies that economic forces outside of the local County economy drive housing demand in the County.
- Only 22 percent of owner-occupied houses in San Juan County are valued \$100,000 to \$300,000, compared to 50 percent in the rest of Washington State.

Affordable Housing

- The County's 2017 Area Median Income as defined by The U.S. Department of Housing and Urban Development (HUD) is \$67,600.
- There is a gap of nearly \$170,000 between what the County considers an affordable house for those making the Area Median Income and the median resale price of a home in the County.
- Only eighteen percent of houses in the County are valued at a price that is considered affordable to the 46 percent of households making \$50,000 or less.
- Approximately 3,728 households considered low income or below by HUD standards are projected to be living in the County in the year 2036.

Housing Affordability Index

- According to the Washington Center for Real Estate Research Housing Affordability Index, housing in San Juan County is the least affordable in the State.

- In 2017, the County's Housing Affordability Index was 44.5 points lower than the rest of the State.
- Housing affordability has steadily declined in the County since 2012.
- First time homebuyers are particularly disadvantaged in the housing market due to the personal capital needed in order to afford a down payment for an average price home.
- Despite being considerably less affordable than the rest of Washington State, fluctuations in the affordability index of San Juan County since 2008 show a correlation with the State's housing market as a whole.

Housing Costs

- There were 3,100 cost-burdened households in San Juan County in 2015, and 3,713 are projected to live in the County by 2036.
- From 2000 to 2010, the percentage of cost-burdened households increased in nearly every income bracket in San Juan County.
- The lack of affordable housing options affects nearly every income bracket.
- It is becoming more common for middle and moderate-income households to become cost-burdened by housing.

Income and Cost Burden

- San Juan County's per capita income is the second highest in the State at \$60,489, but the average annual wage, \$33,890, is well below the State average.
- The number of households making \$100,000 a year or more are increasing in the County while those making \$50,000 to \$99,999 are on the decline.
- Under the current distribution of household income, 3,728 households living in the County would be categorized as low income by HUD guidelines in 2036.
- Of the full time households in San Juan County, 40 percent have income considered either low, very low or extremely low according to HUD's guidelines.
- According to the *2015 Washington State House Needs Assessment*, there are 3,100 cost-burdened households in San Juan County. HUD defines cost-burdened households as families paying over 30 percent of their monthly income for housing. Those paying over 50 percent of their monthly income are considered severely cost-burdened. From 2010 to 2015, the percentage of cost-burdened households in nearly every income bracket has increased.
- According to the September 2016 United Way ALICE Report, 11 percent of the County population lives below the Federal Poverty Level. Another 22 percent of households in San Juan County earn above the Federal Poverty Level, but not enough to afford a basic household budget of housing, childcare, food, transportation, and health care.

Employment

- Employment participation in the County is declining as the median age increases.
- The labor force of the County is shrinking and employment in San Juan County is heavily seasonal. Unemployment rates typically fluctuate up to 3 percent between their low point in January and the high in August.

- One third of workers are employed in low wage jobs in the accommodation, food services, or retail trade fields.
- The combination of low wage employment, the lack of affordable/available housing and high cost of living weighs against the in-migration of younger people with limited personal capital and favors affluent older people with greater personal capital.

Key Issues Discussion

Availability and affordability are the County's most pressing housing issues. The lack of affordable housing units in San Juan County combined with a significant percentage of housing stock made up of occasional or recreational use second homes makes estimating the future housing needs of San Juan County difficult. The population and household projections in this report indicate that the challenges in housing the projected population is not a function of supply but rather, a function of affordability and availability.

According to the Washington State Office of Financial Management (OFM) there were 13,859 housing units in the County in 2016. With 13,859 total housing units and a population of 16,314, there was one housing unit in the County for every 1.17 residents in 2016. With 7,997 households, and 7,844 occupied housing units, there were 153 households that did not occupy a housing unit.

In 2016, the County had enough housing units to accommodate the projected 2036 population of 19,423 persons, a total of 9,521 households. There were 13,859 housing units in the County in 2016. The projected number of households in 2036 remains lower than the number of housing units in the 2016 housing stock.

The census identifies housing units as vacant and for seasonal use. In the 2015 ACS, 43 percent of the County's housing stock was vacant. Of those 5,911 vacant units, 81 percent were vacant for seasonal, recreational, or occasional uses. Vacant homes will probably continue to occupy a high percentage of the housing units in the County. The housing unit projection in this report forecasts that vacant homes will account for 47.3 percent of the housing stock by 2036.

2036 Forecast of Housing Units Expected to Be Constructed Based on Local and State Data

The number of housing units expected to be constructed in 2036 was forecast in Section 5.6 of this report using 36 years of annual permit data from the Employment Security Department (ESD). This forecast provides a picture of what can be reasonably expected in housing unit construction over the next twenty years.

The historical trend was evaluated by applying the mean growth in permits between 1980 and 2016, then projecting that level of growth in housing unit construction through 2036. The thirty-six year trend suggests that 4,180 new housing units may be added to the housing stock by 2036 to total 18,059 units.

Vacancy Rates

It is likely that vacant housing units will continue to be a significant percentage of the County's housing stock in 2036. By the year 2036, 9,521 households and 18,059 housing units are expected.

1 By dividing the number of households (9,521) by the number of projected housing units (18,059) an
2 estimated 2036 occupancy rate of 52 percent. That means 48 percent of the housing stock would
3 be vacant. Between 2015 and 2036, it appears that vacant housing as a share of the housing stock
4 would increase by nearly 5 percentage points and account for nearly one-half of the total housing
5 stock.

6
7 According the 2015 American Community Survey (ACS), the vast majority, 81 percent, of vacant
8 houses were categorized as seasonal, recreational, or occasional use (SRO). An increase in the
9 proportion of vacant housing units, particularly SRO units, in the housing stock will exacerbate the
10 problem of availability.

11 12 Affordability

13
14 Based on the projected population increase of 3,109 people by 2036, it is estimated that 1,524
15 additional households will be living in the County by 2036 (3,109 new residents divided by 2.04
16 average number of persons per household). Additionally, for those 1,524 new households, it is
17 projected that by 2036 the County will need:

- 18
- 19 ▪ 333 units for those making 50 percent of the Area Median Income (AMI) or less,
- 20 ▪ 424 units for those making between 50 to 100 percent of the AMI, and
- 21 ▪ 767 units for those making above 100 percent of the AMI.
- 22

23 There are projected to be 3,728 low income or below households living in San Juan County by 2036,
24 and 1,809 households who are considered severely cost-burdened.

25
26 Home prices fluctuate over time; however, it is clear that the price of homes in San Juan County is
27 likely to remain beyond the reach of many economic sectors for the near future. This fact, in the
28 absence of a policy response to combat its negative impacts, is likely to have significant
29 consequences on the demographic profile of the community and the County's social fabric. It could
30 hasten the growth of the already disproportionate demographic that are elderly and decrease the
31 proportion of youth and young parents.

32
33 It cannot be presumed that the proportions of the different income groups will remain constant
34 over the planning horizon. If affordable housing for the very low, low, moderate and middle-income
35 sectors is not available, many people in those sectors simply will not remain in, or relocate to the
36 County.

37 38 Affordability Impacts

39
40 The absence of affordable housing may generate a corresponding lack of diverse income sectors by
41 2036. If housing that is affordable to all the different income groups is not developed over the
42 planning horizon it is reasonable to assume that both total numbers and relative percentages of very
43 low income to middle-income earners will decline dramatically relative to upper income groups.

5.2 Introduction

RCW 36.70A.070 (2) details the mandatory requirements of the Comprehensive Plan Housing Element. The Housing Needs Assessment is one piece of the Housing Element. This statute states that, in order to be compliant, the Housing Element:

- (a) Includes an inventory and analysis of existing and projected housing needs that identifies the number of housing units necessary to manage projected growth;
- (b) includes a statement of goals, policies, objectives, and mandatory provisions for the preservation, improvement, and development of housing, including single-family residences;
- (c) identifies sufficient land for housing, including, but not limited to, government assisted housing, housing for low-income families, manufactured housing, multifamily housing and group homes and foster care facilities; and
- (d) makes adequate provisions for existing and projected needs of all economic segments of the community.

In addition to the requirements of the GMA above, the implementing regulations at WAC 365-195-310 specify requirements for a compliant comprehensive plan element, as follows:

1. Requirements. This element shall contain at least the following features:
 - a. An inventory and analysis of existing and projected housing needs.
 - b. A statement of the goals, policies, and objectives for the preservation, improvement, and development of housing.
 - c. Identification of sufficient land for housing, including, but not limited to, government-assisted housing, housing for low-income families, manufactured housing, multifamily housing, and group homes and care facilities.

The purpose of this Housing Needs Assessment (HNA) is to evaluate the current and projected stock of housing in the County. The HNA will evaluate the County's ability to meet future housing needs and to maintain the vitality and character of established residential neighborhoods. Another function of the HNA is encouraging the availability of affordable housing to all economic segments of the population. Housing costs are generally the single largest household expenditure for Washington residents.

The unique geography and economy of San Juan County can make solving housing problems more complicated than other areas of our State. San Juan County lacks the infrastructure of urban areas and has the additional difficulty of the Salish Sea dividing the County into smaller community units, which prevents economies of scale.

The housing market in San Juan County is also driven by regional economic factors that can be difficult to address at the local level. This Housing Needs Assessment attempts to analyze the supply and demand factors affecting local housing, and engage with the following questions:

1. Is the current housing stock appropriate and affordable for current residents?
2. Is housing accessible for future residents housing needs?

This document uses a wide array of data sources in an effort to understand fully the many factors affecting housing in San Juan County. Some data is available going back 40 or 50 years, while other data sources are relatively new with limited historical data.

The primary data sources used in the Housing Needs Assessment are from the:

- U.S. Census Bureau, including both the Decennial Census and the U.S. Census Bureau's American Community Survey (ACS);
- Washington Regional Economic Analysis Project (WA-REAP);
- Office of Financial Management (OFM);
- U.S. Department of Housing and Urban Development (HUD);
- Runstad Center for Real Estate Studies; and
- 2015 Washington State Housing Needs Assessment.

The ACS is a nationwide confidential survey conducted annually by the Census Bureau starting in 2005. Beginning in 2010, the ACS began to produce 5-year estimates for geographic areas with populations under 20,000. ACS data is not directly comparable to the Decennial Census as the ACS is an aggregate of data over a 5-year period.

5.3 Demographics

5.3.1 Population Trends and Projections

The population of the County in 2016 was approximately 16,314 people and estimated to reach 19,423 by 2036. This represents an increase of about 19 percent or 3,109 people or 9,521 total households, based on 2.04 persons per household.¹

Population change is primarily driven by two factors:

1. Natural increase (births minus deaths), and
2. Net migration (in-migration minus out-migration).

The difference between births and deaths is considered the natural component of population change. The difference between in-migration and out-migration is considered the migration component of population change.

Both the natural and migration components of population change are tied to the community's demographic profile. Internal factors or population characteristics, such as the gender and age distribution of the community directly affect the rates of natural increase. External or social factors such as employment, housing, community facilities and education opportunities contribute to migration rates.

Table 5-1 shows the breakdown of the projected population increase by island. This projection is based on the maintenance of the County's proportionate share of the State's population. For the past 36 years, the County has retained a consistent share of the State population while the average

¹ See <http://www.sanjuanco.com/DocumentCenter/View/11843>

annual increase rates are volatile and inconsistent from decade to decade. San Juan County has averaged a 0.23 percent proportionate share of the Washington State Population since 1970.

Migration rather than natural increase is the source of the County's population growth. The unpredictability of migration fosters variable average annual growth rates. The County's population as a share of the State's population has remained consistent since the 1980's despite significant swings in migratory patterns. Additionally, each island's share of the County's population has been stable since the 1990 census.

With an average household size of 2.04, a population increase of 3,109 people will require the development of approximately 1,524 housing units Countywide or roughly 76 new units annually to accommodate the additional households. The projected Housing Units needed in the Orcas and Lopez Urban Growth Areas (UGAs) is based on the premise that 50 percent of future development will occur within the respective UGA's.

Table 5-1. San Juan County Population Growth by Island and Housing Units 2036 Projection.

Island	2016 Population	% Population By Island % of Total County Population (2016)	2036 Population By Island	% Population By Island (2036)	Pop Growth by Island	Total # New Housing Units**	Housing Units UGA
San Juan Island (unincorp.)*	5,560	34.1%	6,146	31.6%	586	287	-
Friday Harbor*	2,250	13.8%	3,152	16.2%	902	442	442
San Juan Island Subtotal	7,810	47.9%	9,298	47.9%	1,488	729	442
Orcas	5,395	33.1%	6,423	33.1%	1,028	504	252
Lopez	2,466	15.1%	2,936	15.1%	470	230	115
Shaw	241	1.5%	287	1.5%	46	23	0
Total Ferry Served Islands	15,912	97.5%	18,944	97.5%	3,032	1,486	809
Total Non-Ferry Served	402	2.5%	479	2.5%	77	38	0
Total	16,314	100.0%	19,423	100.0%	3,109	1,524	809

Source: U.S. Census, OFM annual estimate.

*1.7 percent annual population growth rate attributed to the Town of Friday Harbor from personal correspondence with the Town of Friday Harbor's Land Use Administrator, Mike Bertrand, on March 9, 2017.

** Population growth ÷ average household size (2.04)

The Office of Financial Management (OFM) identifies the 5-year cohorts used in the medium projection in Table 5-2. This data shows that 58 percent of the County population is over the age 50. Conversely, OFM data shows that approximately 34 percent of the State's population is over the age of 50. Table 5-2 also shows the County has a diminished presence of people between the ages of 20 and 40. In Washington, 20 to 40 year olds make up approximately 28 percent of the population. In San Juan County, they make up 16 percent².

Demographic data compiled from federal data sources including the Bureau of Economic Analysis, Bureau of the Census, American Community Survey office, U.S. Department of Commerce, Bureau

² OFM: Forecast of State population by age and sex; November 2016

of Labor Statistics and U.S. Department of Labor by the Economic Profile System reveal the following attributes of the County's population:

- The median age of the County's population changed from 47 in 2000 to 54 in 2015. Half of the County's population is now over 54 years old, and 63 percent is over the age of 45. The median age of the State is 37.
- The County's population is highly educated. Approximately 46.6 percent of the population have attained a bachelor's degree or higher. By contrast, approximately 32.9 percent of the State's population have achieved the same level of education.³
- San Juan County is the smallest county in Washington by total landmass.
- Data from the Office of the Superintendent for Public Instruction (OSPI), corrected to eliminate distortion by Orcas Island School District's OASIS program, shows that enrollments in the school districts on San Juan, Orcas and Lopez Islands has declined at an annual average rate of -1.6, -2.6, and -0.45 respectively between 2005 and 2016. This is consistent with populations whose median age is increasing and negative natural increase.

Table 5-2. OFM Population Projection by 4 Year Age Cohort.

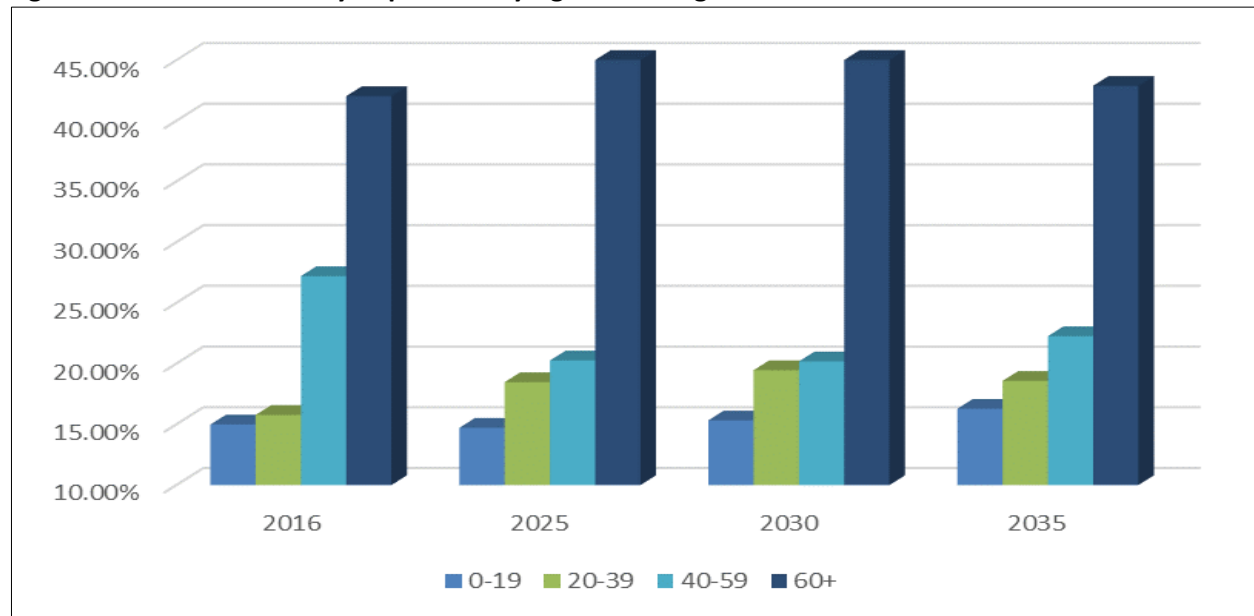
	2016	2025	2030	2035
Age	Total	Total	Total	Total
	16,320	16,606	16,939	17,216
0-4	459	600	632	642
5-9	580	619	676	710
10-14	710	601	686	758
15-19	697	623	602	693
20-24	627	614	587	577
25-29	552	767	717	664
30-34	653	926	944	880
35-39	743	761	1,048	1,078
40-44	812	746	846	1,150
45-49	961	763	794	896
50-54	1,170	856	820	857
55-59	1,497	999	958	929
60-64	1,781	1,412	1,109	1,071
65-69	1,848	1,665	1,428	1,121
70-74	1,349	1,686	1,561	1,370
75-79	842	1,438	1,478	1,403
80-84	517	875	1,149	1,198
85+	522	655	904	1,219

Source: WA OFM GMA 2012 Intermediate Projections

Figure 5-1 presents the projected arc of the age of the County's population over time according to the OFM intermediate projections. The OFM projects the 60+ population demographic to plateau around 2025 and then slowly to begin to recede.

³ Source: U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates

Figure 5-1. San Juan County Population by Age Percentage Over Time.



Source: WA OFM GMA 2012 Intermediate Projections

The migration component of population change is more volatile than the natural component. Major economic, social, climate or national changes can generate spurts and slowdowns in migration that are difficult to predict. Uncertainty about the pace and nature of economic recovery, property costs, and the availability of medical services may affect County migration trends in the future.

The combination of low wage employment in the seasonal service and recreation sectors (see Figure 5-7), and lack of affordable housing (see Tables 5-10, 5-11, and 5-12) weighs against the in-migration of younger people with limited personal capital and favors affluent older people with greater personal capital. This characteristic is reflected in the age of the County's population.

Based on trends shown in HUD's Comprehensive Housing Affordability Strategy data⁴, 1,097 of these units will need to be for owner-occupied housing and 428 for renter-occupied. Additionally, this data shows that 333 of these new units will need to serve households making 50 percent of the Area Median Income (AMI) or less, 424 for those making between 50 to 100 percent of the AMI, and 767 for those making above 100 percent of the AMI (see Table 5-3).

If the County maintains its current distribution of household income, 3,728 households would be expected to be living in the County in 2036 that are considered low income by HUD guidelines (see Section 5.5.2, Table 5-11).

⁴ <https://www.huduser.gov/portal/datasets/cp.html>

Table 5-3. 2036 Housing Units Projection by Income Distribution.

	Owner Occupied Units Needed	Renter Occupied Units Needed	Total
Household Income <= 30% HAMFI ⁵	66	99	165
Household Income >30% to <=50% HAMFI	95	73	168
Household Income >50% to <=80% HAMFI	171	92	263
Household Income >80% to <=100% HAMFI	119	42	161
Household Income >100% HAMFI	645	121	767
Total	1,097	427	1,524

Source: HUD Comprehensive Housing Affordability Strategy Data 2010-2014, SJC 2036 Population Projection

There are estimated to be 3,713 cost-burdened households (those paying greater than 30 percent of their monthly gross income to housing costs) in San Juan County by 2036; this is approximately thirty-nine percent of the projected 9,521 households. Of those cost-burdened households, 1,809 severely cost-burdened households (those paying greater than 50 percent); nineteen percent of projected households. Additional affordable housing units will need to be built to address this issue. See Section 5.5 for a further discussion of affordable housing needs in the County.

KEY ISSUES:

- Population is expected to increase by 3,109 people by 2036, primarily driven by migration.
- Population is aging and shows a diminished presence of 20 to 40 year olds compared to the State.
- It is estimated an additional 1,524 housing units will be needed to accommodate the projected number of households in 2036 and that efforts are needed to address the high cost burden of housing for many residents.

5.3.2 Income and Economic Structure

The purpose of this Section is to describe the current economic landscape of San Juan County and promote a better understanding of the economic factors that influence the County housing market.

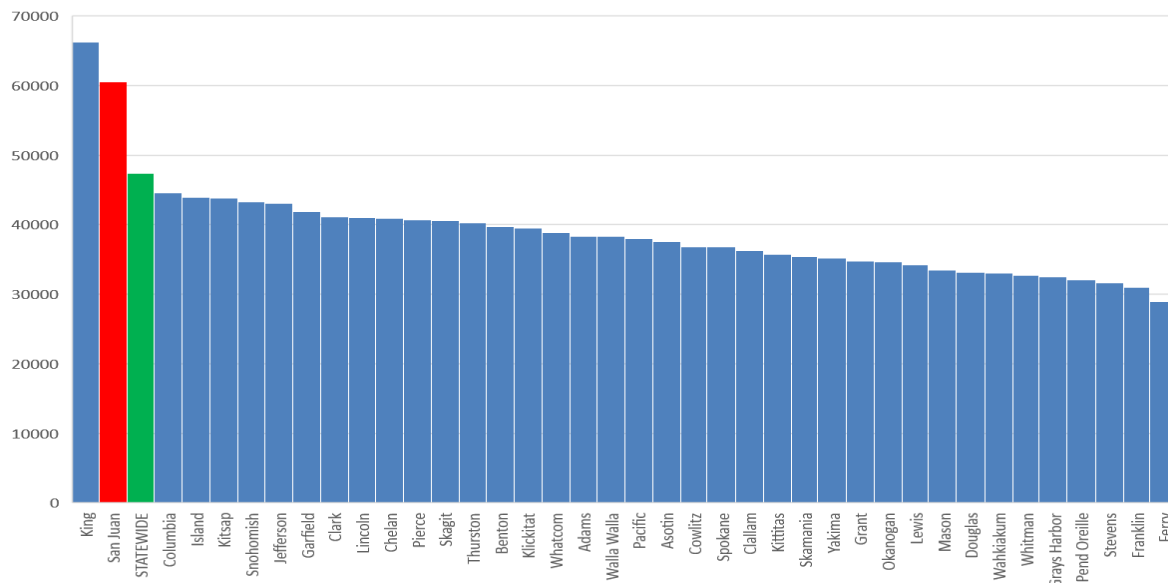
Figure 5-2. depicts the Real Per Capita Personal Income for San Juan County compared to counties around the State. San Juan County's Real Per Capita Personal Income in 2015 was \$60,489, the second highest in Washington State after King County. The statewide average for 2015 was \$47,381.

The County's Real Per Capita Personal Income may be misleading due to the high proportion of retirees in the community. The average annual wage in San Juan County for 2016 was \$33,890⁶, which Figure 5-3 shows is well below the State average.

⁵ *HAMFI- HUD Area Median Family Income, see Table 5-9

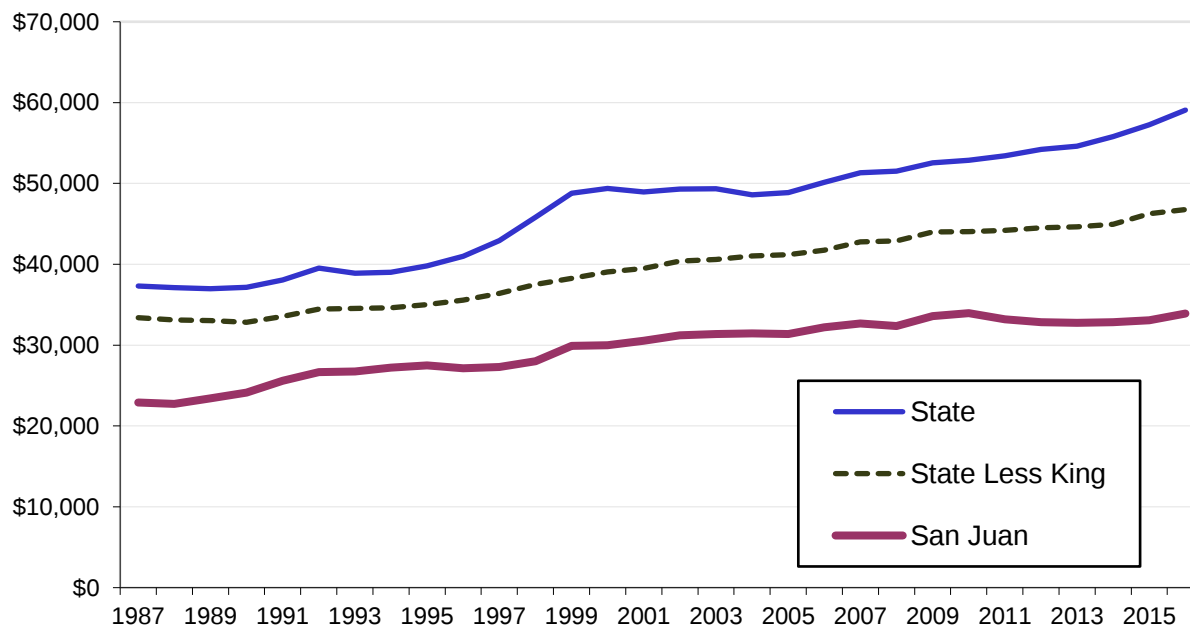
⁶ Washington State Dept. of Employment Security San Juan County Data Tables

Figure 5-2. Washington State Real⁷ Per Capita Personal Income by County, 2015⁸



Source: Calculations by the Washington Regional Economic Analysis Project (WA-REAP) with data provided by the U.S. Department of Commerce, Bureau of Economic Analysis

Figure 5-3. Average Annual Wage, Adjusted for Inflation, 1987 – 2015



Source: Washington State Dept. of Employment Security San Juan County Data Tables

Table 5-4 shows the change in household income and benefits brackets from the 2006-2010 American Community Survey period to 2011-2015. Over this period, the percent of households

⁷ Real per capita personal income determined using the Chain-Weight Implicit Price Deflator for Personal Consumption (2009=1.00).

⁸ In 2015 Constant Dollars

making less than \$25,000 remained relatively stable while households making \$25,000 to \$75,000 declined by 1.9 percent. Households making above \$75,000 increased by 2.0 percent.

According to the September 2016 United Way ALICE Report⁹, 11 percent of the County population households lives below the Federal Poverty Level (FPL). Another 22 percent of households in San Juan County earn above the Federal Poverty Level (FPL), but not enough to afford a basic household budget of housing, childcare, food, transportation, and health care. This report indicates that a single individual would need to make \$20,820 annually, and a family of four with one infant and one preschooler would need to make \$57,864 annually just to survive on a bare-minimum budget without leaving anything for savings.

Table 5-4. San Juan County Income and Benefits.

	2006-2010 Estimates ¹⁰	2011-2015 Estimates ¹¹
Total households¹²	7,986	7,708
Less than \$10,000	4.4%	5.7%
\$10,000 to \$14,999	5.5%	5.0%
\$15,000 to \$24,999	10.6%	9.7%
\$25,000 to \$34,999	10.4%	10.6%
\$35,000 to \$49,999	13.8%	14.9%
\$50,000 to \$74,999	21.6%	18.4%
\$75,000 to \$99,999	13.8%	12.0%
\$100,000 to \$149,999	11.1%	12.5%
\$150,000 to \$199,999	3.3%	4.9%
\$200,000 or more	5.4%	6.2%
Median household income (dollars)	55,238	55,960
Mean household income (dollars)	77,120	80,794

Source: U.S. Census Bureau, 2006-2015 American Community Survey 5-Year Estimates

The majority of income in San Juan County is earned through property income. Figure 5-4 delineates personal income in the County into three types. Earned Income can be viewed as compensation for labor services. Property Income represents payments in the form of dividends, interest and rent for the services of capital. In contrast to the other two components of income, Transfer Payments are by definition payments that are not related to the provision of services. Transfer Payments are payments received from things such as Social Security, Disability Payments, medical payments from Medicare and Medicaid, Family Assistance, Food Stamps, Supplemental Security Income, Unemployment Insurance Payments, and Veterans Benefits Payments.

⁹ http://www.unitedwayalice.org/documents/15UW%20ALICE%20Report_PNW_Lowres_10.27.16.pdf

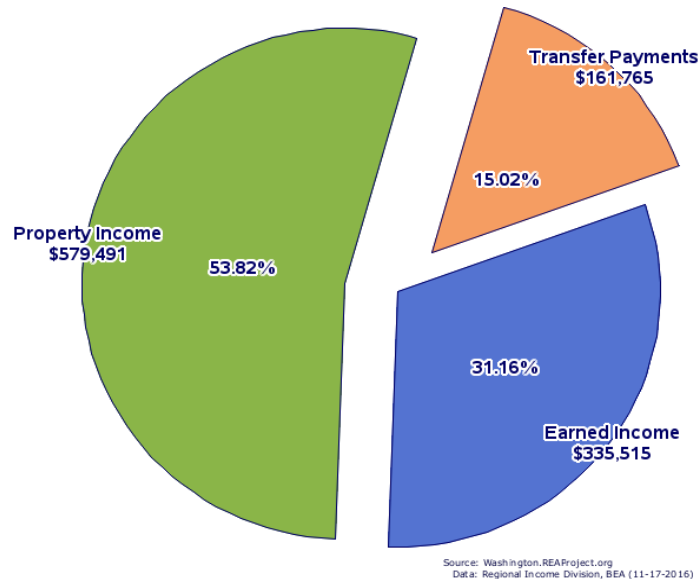
¹⁰ In 2010 Inflation Adjusted Dollars.

¹¹ In 2015 Inflation Adjusted Dollars.

¹² A family consists of a householder and one or more other people living in the same household who are related to the householder by birth, marriage, or adoption. All people in a household who are related to the householder are regarded as members of his or her family. A family household may contain people not related to the householder, but those people are not included as part of the householder's family in tabulations. Thus, the number of family households is equal to the number of families, but family households may include more members than do families. A household can contain only one family for purposes of tabulations. Not all households contain families since a household may be comprised of a group of unrelated people or of one person living alone - these are called nonfamily households. Source: ACS 2013 Subject Definitions.

Property Income made up 53.8 percent of the total personal income in the County in 2015, compared to 20.9 percent for Washington State and 18.8 percent nationally. In combination, Property Income and Transfer Payments amounted to 68.8 percent (53.8 percent + 15.0 percent) of San Juan County's personal income in 2015.¹³

Figure 5-4. Major Components of Total Personal Income, San Juan County, 2015 (Thousands of Dollars).



Property income as a percentage of total personal income in San Juan County is overrepresented in comparison to the rest of Washington State and the country. This is consistent with San Juan County's booming real estate and vacation rental market. Despite having the second highest per capita personal income in Washington (as seen in Figure 5-2), San Juan County has by far the lowest percentage of earned income in the State.

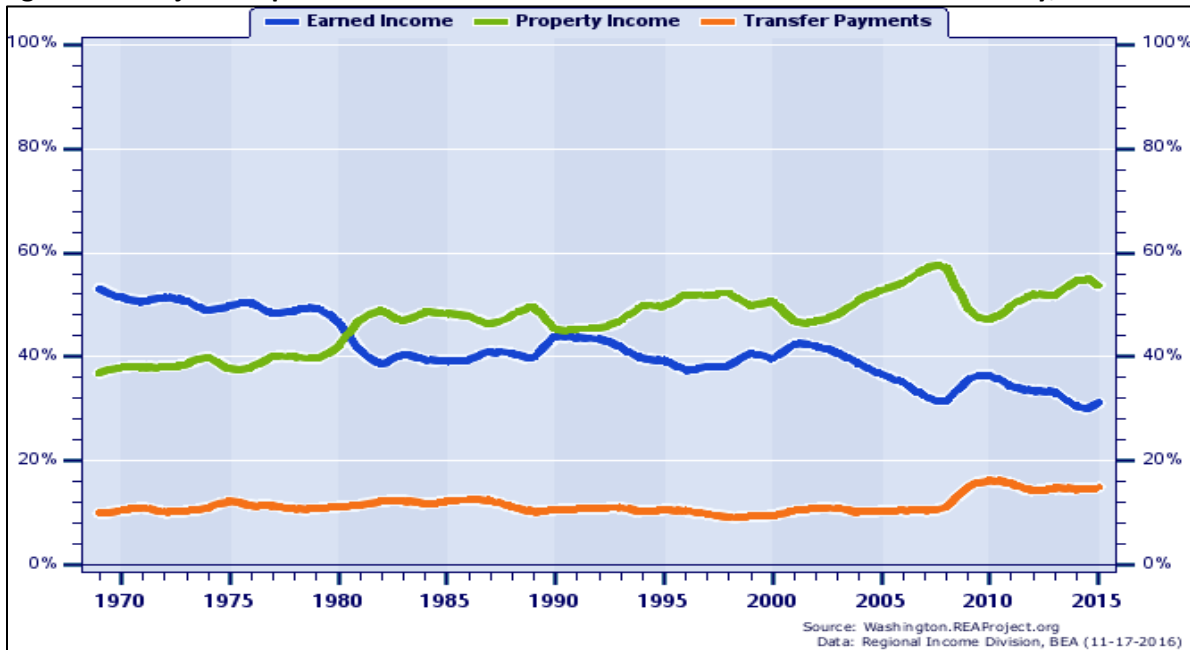
Earned income made up only 31.2 percent of personal income in 2015. This amounted to a substantially smaller share than the corresponding 63.9 percent for earned income nationwide. It is also nearly 10 percent less than the County with the second lowest share of earned income in Washington (Jefferson County at 40.83 percent).

Figure 5-5 traces the changing share and relative importance of each income type over time since 1969. Earned Income as a share of San Juan County's personal income declined from 53.1 percent in 1969 to 31.2 percent in 2015, a shift in relative share declining 22.0 percent. Offsetting this decline was a 16.9 percent increase in Property Income's share from 36.9 percent in 1969 to 53.8 percent in 2015; and a 5 percent advance in Transfer Payments share, from 10 percent to 15 percent over the same period. Large increases in Property Income and Transfer Payments share are often associated with counties that experienced an influx of relatively affluent retirees.¹⁴

¹³ Source: Washington.REAproject.org

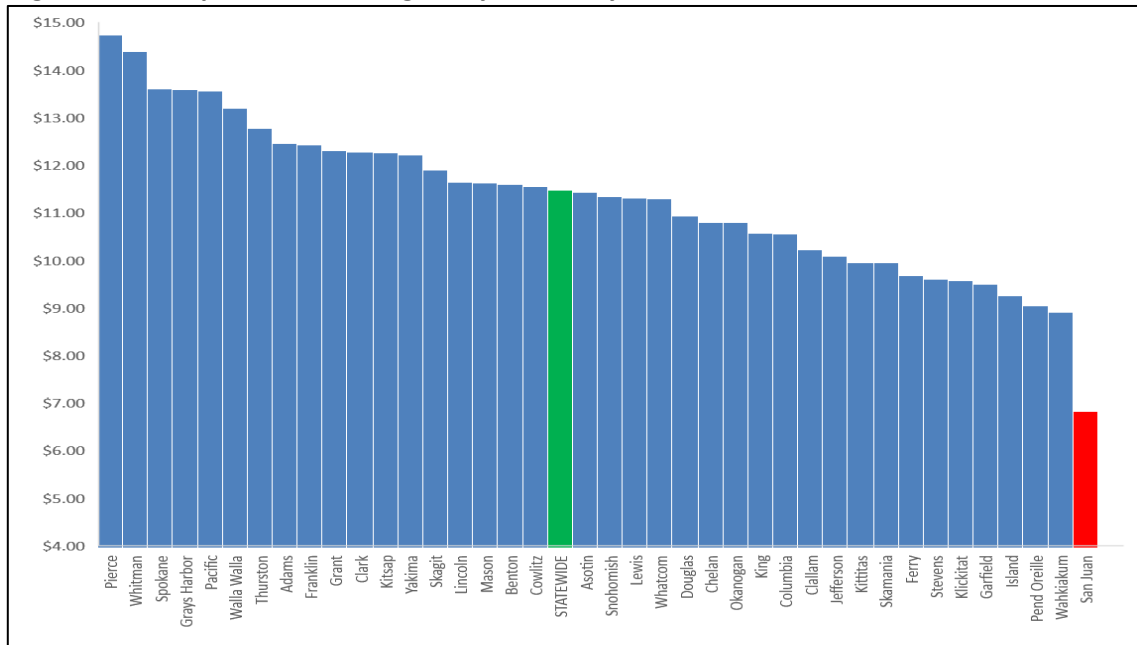
¹⁴ Source: Washington.REAproject.org

Figure 5-5. Major Components as a Percent of Total Personal Income: San Juan County, 1969-2015.



The County has the lowest real estate tax levy rate in the State despite having the second highest per capita personal income of any County in the State and property income making up nearly 54 percent of all total income in the County. As shown in Figure 5-6, the average levy rate in San Juan County is \$6.82 per \$1,000 of assessed value. This is \$4.65 lower than the statewide average, \$7.91 lower than the highest rate in the State (Pierce County) and \$2.08 less than the next lowest County (Wahkiakum).

Figure 5-6. Comparison of Average Levy Rates¹⁵ by Year Due in 2009-2016.



Source: WA Department of Revenue Property Tax Statistics 2016 Comparison of Average Rates by Year Due

¹⁵ Per \$1,000 of assessed value.

KEY ISSUES:

- San Juan County's per capita income is the second highest in the State at \$60,489, but the average annual wage is well below the State average at \$33,890.
- The majority of personal income in the County comes from property income.
- Eleven percent of San Juan County's population lives below the Federal Poverty Limit. It is estimated that another 22 percent lives above this limit but does not earn enough to afford basic households needs.

5.3.3 Employment

In addition to migration and natural increase, housing and employment opportunities are key variables influencing population change. Traditionally employment stimulates the demand for housing, however, over the past forty years San Juan County has followed a different path by becoming an affluent retirement community with low wage employment options.

For the majority of the 20th century, the County was home to a relatively small and stable population with an economy that centered on fishing, farming and logging. In the mid 1960's San Juan County begin to transition away from these core industries to a tourism based economy due to a lack of secondary processing on the islands and increased competition from mainland industries. As the County's median age and retirement population has trended upward employment participation has predictably declined. Table 5-5 presents rates of labor force participation of two five-year periods. Labor force participation has declined by over 3 percent during this period while the number of unemployed individuals and families with two working parents has increased.

Table 5-5. San Juan County Population Employment Status.

EMPLOYMENT STATUS	2006-2010 Estimates	2011-2015 Estimates
Population 16 years and over	13,366	13,988
In labor force	61.2%	58.0%
Civilian labor force	60.7%	58.0%
Employed	58.9%	54.6%
Unemployed	1.9%	3.4%
Armed Forces	0.4%	0.0%
Not in labor force	38.8%	42.0%
Civilian labor force	8,119	8,110
Unemployment Rate	3.1%	5.9%
Own children of the householder under 6 years¹⁶	613	587
All parents in family in labor force	61.3%	68.3%
Own children of the householder 6 to 17 years	1,710	1,573
All parents in family in labor force	73.2%	76.4%

Source: U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates

¹⁶ Own child refers to a never married child under the age of 18 in a family or a subfamily who is a son or daughter, by birth, marriage, or adoption, of a member of the householder's family, but not necessarily of the householder. Source: ACS 2013 Subject Definitions.

Table 5-6 breaks down the County workforce by occupation and industry. Service occupations have surpassed sales and office occupations to become the second most common in the County behind management, business, science, and arts occupations. Between 2010 and 2015, Agriculture, forestry, fishing and hunting, and mining employment has more than doubled in the County.

The 2009 Recession should be noticed as having had an effect on the statistics in Table 5-5 and 5-6, as the 2011-2015 ACS covers a time during which the County was in the immediate process of recovering from that financial crisis. It is difficult to measure the full scope of the Recession's effect on the County's economy and employment data.

One type of job that is not represented in this table but, anecdotally, has become more commonplace in the County is those whose occupations allow working remotely. Increased telecommunication capacity in the County and the ubiquity of remote workstation tools such as Skype for business have made the islands more attractive to high wage earners who can "telecommute" to jobs that can be far removed from the physical location of the County.

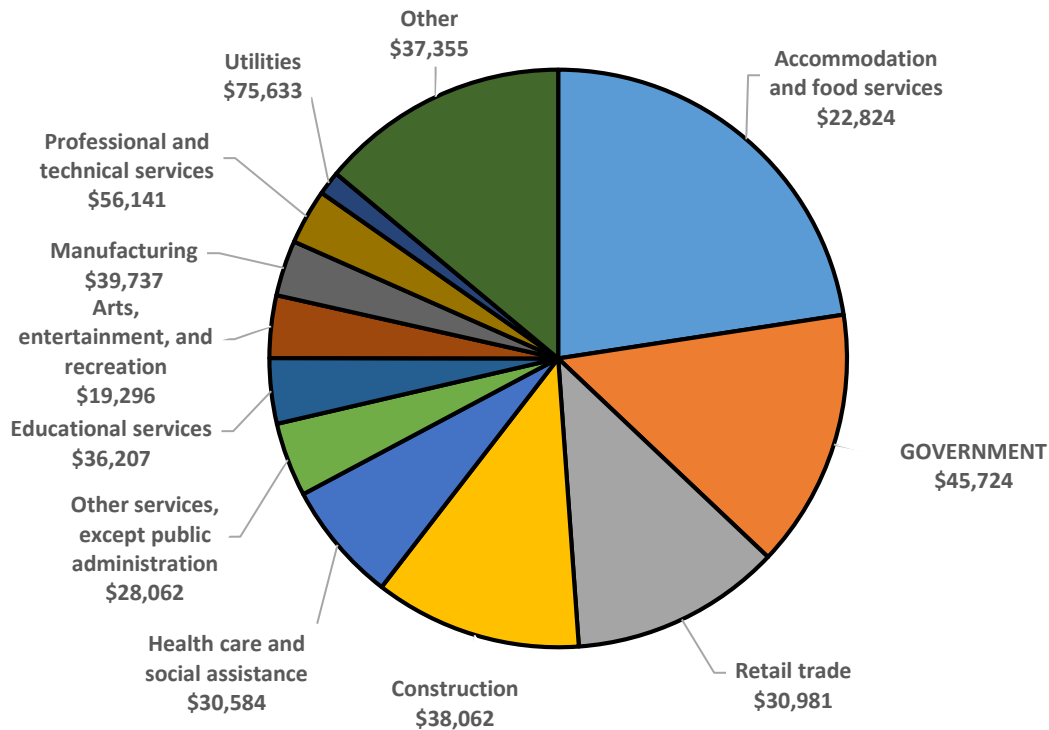
Table 5-6. San Juan County Population Occupation and Industry.

OCCUPATION	2006-2010 Estimates	2011-2015 Estimates
Civilian employed population 16 years and over	7,870	7,633
Management, business, science, and arts occupations	36.5%	37.7%
Service occupations	18.9%	22.0%
Sales and office occupations	21.8%	19.1%
Natural resources, construction, and maintenance occupations	16.5%	13.7%
Production, transportation, and material moving occupations	6.3%	7.5%
INDUSTRY		
Civilian employed population 16 years and over	7,870	7,633
Agriculture, forestry, fishing and hunting, and mining	1.5%	3.6%
Construction	16.7%	11.9%
Manufacturing	2.8%	4.5%
Wholesale trade	1.8%	1.5%
Retail trade	10.2%	9.8%
Transportation and warehousing, and utilities	5.7%	5.0%
Information	2.1%	2.3%
Finance and insurance, and real estate and rental and leasing	8.5%	6.6%
Professional, scientific, and management, and administrative and waste management services	15.0%	11.8%
Educational services, and health care and social assistance	14.7%	17.1%
Arts, entertainment, and recreation, and accommodation and food services	13.2%	15.4%
Other services, except public administration	4.8%	6.0%
Public administration	3.1%	4.3%

Source: U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates

Figure 5-7 shows the ratio of employees in each industry in the County, along with the average annual wage for that industry in 2016. This graph shows that the jobs most common in the County are also some of the lowest paid. Accommodation and Food Services along with Retail Trade make up a third of jobs in the County while paying on average \$22,824 and \$30,981 respectively.

Figure 5-7. San Juan County Covered Employment Classified by Industry, 2016¹⁷.



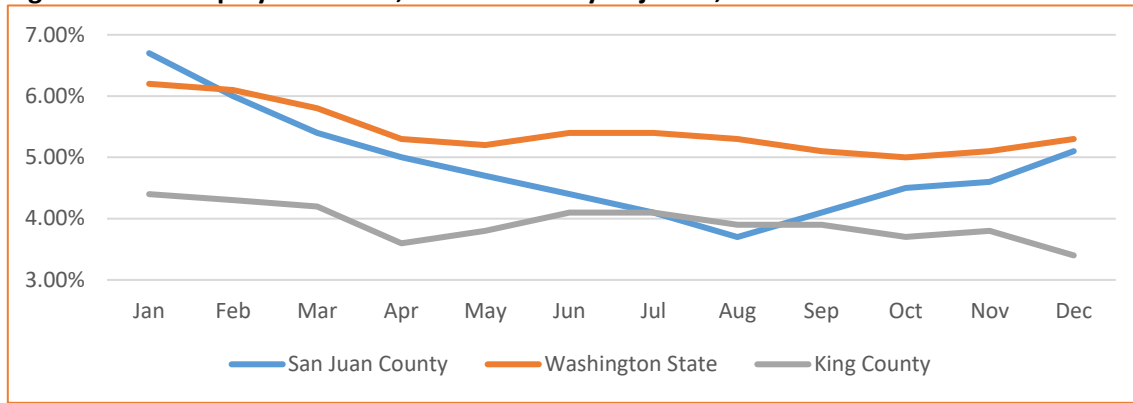
Source: Employment Security Department, Quarterly Census of Employment & Wages

Employment in San Juan County is heavily seasonal and unemployment rates typically fluctuate up to 3 percent between their low point in January and the high in August.¹⁸ Figure 5-8 shows the dramatic change that occurs from one season to the next. Once again, this data paints the picture of a County whose economy is highly driven by the tourism industry.

¹⁷ The number below each industry label is the Average Annual Wage for that industry in 2016.

¹⁸ <https://esd.wa.gov/labormarketinfo/labor-area-summaries>

Figure 5-8. Unemployment Rate, Non-Seasonally Adjusted, 2016.



Source: Washington State Dept. of Employment Security, Labor Area Summaries

KEY ISSUES:

- Employment participation in the County is declining as the median age increases.
- Tourism heavily affects employment in San Juan County leading to large seasonal swings in unemployment.
- One third of workers are employed in low wage jobs in the accommodation, food services, or retail trade fields.

5.4 Housing Inventory

To estimate future housing needs properly, the makeup of the current housing stock must be understood. According to the Washington State Office of Financial Management (OFM) in 2016, there were 13,859 total housing units in San Juan County for a population of 13,314. This means there was one housing unit for every 1.04 residents. Standard economic theory would suggest that the abundance of housing units would put a downward pressure on prices. However, in San Juan County the housing price trajectory over the last decade has been almost exactly the opposite. A large population of second and vacation homes in the County mostly explains this phenomenon.

San Juan County housing unit inventory increased thirty-seven percent from the 2000 Census to the 2010 Census. Since the 2010 Census, development in the County has slowed, and the ACS 5-year estimate for 2015 shows a meager increase of 306 Housing Units since the 2010 Census.

The numbers in Table 5-7 are derived from both the decennial censuses of 2000 and 2010 as well as the 2015 ACS 5-Year Estimate. These data sets cannot be directly compared because the ACS is an average over a 5-year period rather than a single point in time. The two sets together are useful for insight into current occupancy trends.

Table 5-7 illustrates a disproportionate number of vacant housing units in San Juan County. According to the 2015 ACS 5-year estimates, vacant housing units made up 9.3 percent of all total housing units in Washington State. San Juan County had 43.4 percent vacant units in the same period.

Table 5-7. San Juan County Housing by Occupancy¹⁹.

	2000 Census	2010 Census	Change from 2000-2010	2015 ACS
Total housing units	9,752	13,313	+3561	13,619
Owner occupied	4,754	5,360	+606	5,507
Renter occupied	1,712	2,253	+541	2,201
Vacant housing units	3,286	5,700	+2414	5,911
Percentage of Total				
Owner occupied	48.75%	40.26%	-8.49%	40.44%
Renter occupied	17.56%	16.92%	-0.63%	16.16%
Vacant housing units	33.70%	42.82%	+9.12%	43.40%
Vacant Housing Unit by Type				
For seasonal, recreational, or occasional use	2,776	4,748	+1972	4,808
For sale only	82	187	+105	222
For rent	129	311	+182	214
Rented or sold, not occupied	63	57	-6	111
For migrant workers	0	5	+5	0
Other vacant	236	392	+156	556

Source: U.S. Census Bureau, 2000 Census, 2010 Census, 2011-2015 American Community Survey 5-Year Estimates

According to the US Census, 3,561 housing units were added to the County's housing stock between 2000 and 2010. During the same time, the number of vacant housing units increased by 2,414. By 2010, vacant housing made up 42.8 percent of total housing, up 9.1 percentage points from the year 2000.

Of vacant housing in 2010, 4,748 housing units were characterized as seasonal, recreational, or occasional (SRO) use. In 2010, SRO uses made up 35.6 percent of the total housing stock, an increase of nearly seven percentage points from the year 2000.

The 9.1 percent increase in vacant units from 2000 to 2010 may be partially attributable to the 2008 recession that affected the housing market. In the years between 2010 and 2015, the economy began to rebound. Vacancy rates in the 2010 census and the 2015 ACS data sets are similar and suggest that the rise in vacant units shown in the Census data between 2000 and 2010 may have been linked with the recession.

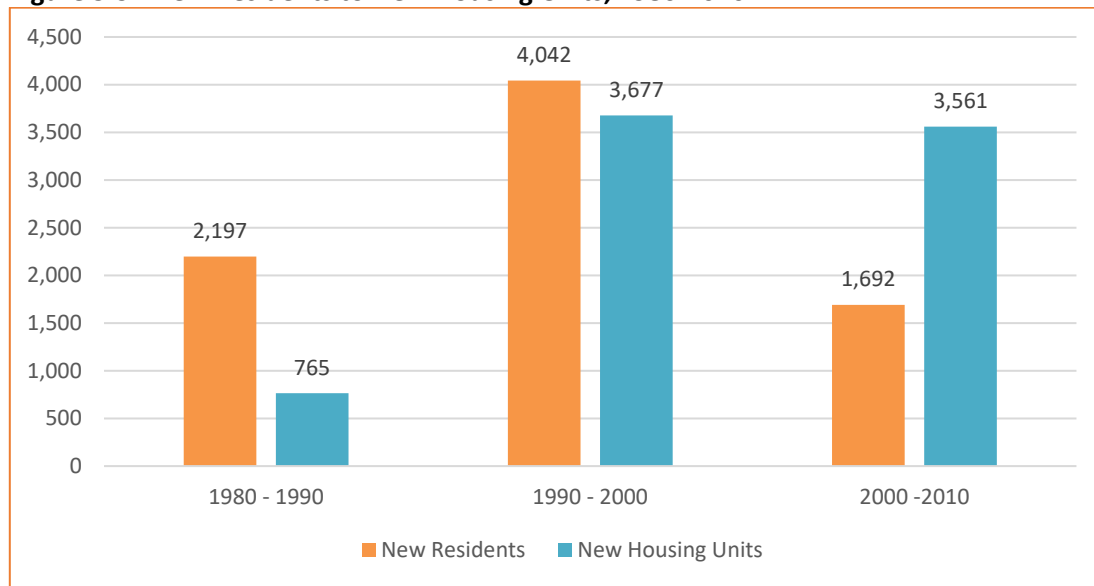
The similar vacancy rate in the 2010 Census and the 2015 ACS data suggest that the early stages of economic recovery following the recession did not reduce housing vacancy rates and SRO uses. Housing remained vacant despite the rebounding market. Units used for SRO made up 81 percent of vacant housing overall in the 2015 ACS data. The remaining 19 percent was vacant for more temporary reasons such as recent sale, currently for sale, or unoccupied rental.

¹⁹ The Data in this table for 2015 was calculated by the ACS using annual surveys conducted during 2011-2015 and are representative of average characteristics during this period. Data from the ACS cannot be directly compared to Census data.

The data in Table 5-7 indicate that SRO uses as a share of total housing units will likely continue to comprise a sizeable proportion of the County's housing stock because the percentage of units in SRO use remained stable at around forty percent between the 2010 census and the 2015 ACS.

Figure 5-9 compares the number of new residents in the County to the number of new housing units built since 1980. In the 1980s, there was one new housing unit built in the County for every 2.88 new residents. During the 1990s that figure dropped to 1.1. From 2000-2010, the ratio of new housing units created to the number of new island residents was over 2 to 1. This has left the County in a situation where despite having 13,619 housing units in 2016 for a population 16,314, there is still a lack of affordable and accessible housing.

Figure 5-9. New Residents to New Housing Units, 1980-2010.



Source: SJC DCD Housing Units Data Assembled 2017. Data on Population Figures and Housing Units pulled from US Census.

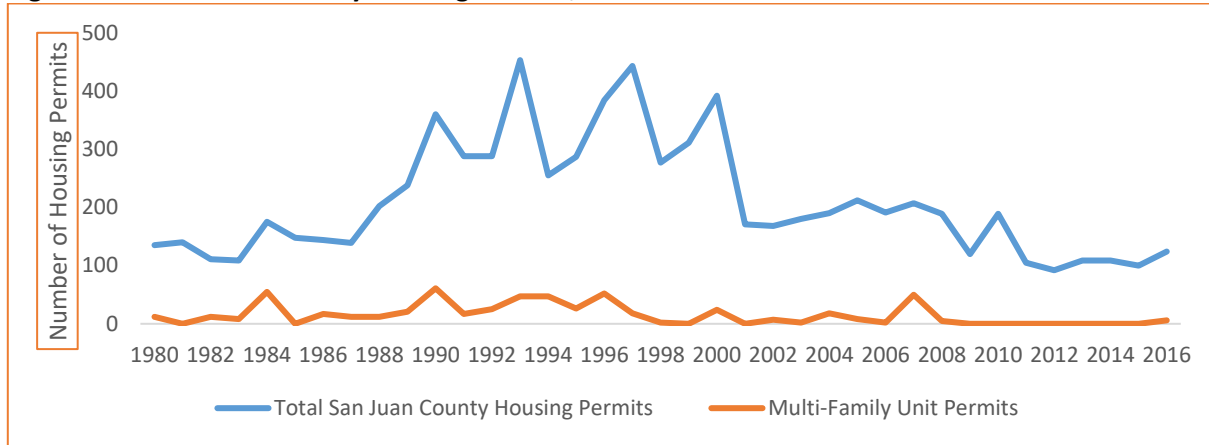
Figure 5-10 shows the number of housing building permits issued in the County from 1980-2016. After a construction boom during the 1990's, construction of new houses slowed over the past decade, and construction of new multi-family housing projects has almost entirely ceased.

There is a lack of multi-family housing units in the County in general. In 2015, 84 percent of structures in the County were 1-unit detached structures, as opposed to 63 percent statewide.

Figure 5-10 also shows the trend of multi-family units developed since 1980 from permit data provided by ESD. Only 3.4 percent of the structures in the County consist of five or more units, compared to 19.5 percent statewide.²⁰ No new multi-family unit permits were issued from 2009-2015. Due to low multi-family unit production over the past 35 years the County now has a lack of diversity in its housing structures.

²⁰ Source: U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates

Figure 5-10. San Juan County Housing Permits, 1980-2016.



Source: Washington State Employment Security Dept. (ESD) San Juan County Data Tables

Figures 5-11 and 5-12 shows Washington State Office of Financial Management (OFM) housing unit count data from 1990 to 2016. As of 2016, there were 13,859 housing units according to OFM numbers. Of those units, 82.9 percent were single-unit dwellings, 6.7 percent were two-unit or more, and 10.3 percent were mobile homes. In the twenty-six years from 1990 to 2016, the stock of two-plus-unit housing grew by 545 units and occupied a mostly static proportion of the housing stock near six percent. In a similar manner, single-unit dwellings made up 79.2 percent of the County's housing stock in 1990, maintaining near 80 percent from 1990 to 2016. Mobile homes and special units comprised 13.9 percent of the housing stock in 1990 and fell to 10.3 percent by 2016.

Figure 5-11. 2016 San Juan County Housing Inventory, 1990-2016.

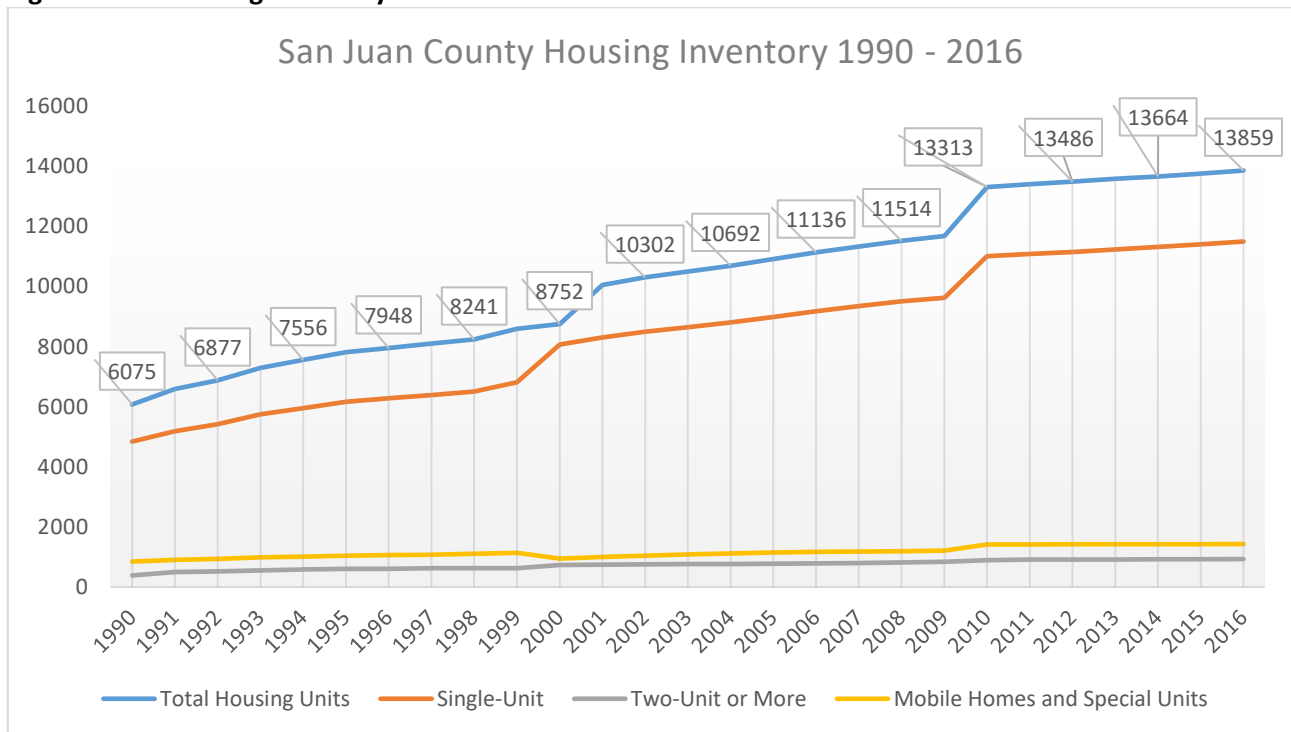
Year	Total Housing Units	Single-Unit	Two-Units or More	Mobile Homes and Special Units
1990	6075	4841	386	848
1991	6588	5184	495	909
1992	6877	5422	518	937
1993	7291	5752	552	987
1994	7556	5955	586	1015
1995	7815	6165	604	1046
1996	7948	6279	604	1065
1997	8099	6391	630	1078
1998	8241	6507	629	1105
1999	8592	6817	632	1143
2000	8752	8067	733	952
2001	10050	8302	748	1000
2002	10302	8496	760	1046
2003	10493	8647	764	1082
2004	10692	8807	771	1114
2005	10915	8988	779	1148
2006	11136	9180	786	1170

Figure 5-11. 2016 San Juan County Housing Inventory, 1990-2016 continued.

Year	Total Housing Units	Single-Unit	Two-Units or More	Mobile Homes and Special Units
2007	11323	9350	794	1179
2008	11514	9502	815	1197
2009	11679	9626	836	1217
2010	13313	11006	896	1411
2011	13407	11079	910	1418
2012	13486	11150	910	1426
2013	13581	11234	917	1429
2014	13664	11312	923	1429
2015	13756	11400	930	1426
2016	13859	11496	931	1432

Source: 2016 WA State OFM

Figure 5-12. Housing Inventory 1990-2016.



Source: 2016 WA State OFM data.

KEY ISSUES:

- San Juan County shows a lack of diversity of housing types with sparse numbers of multi-family units.
- There is no shortage of housing units in the County. There are 1.2 residents for every housing unit. However, the majority of these units are unavailable because the County has a disproportionately large population of vacant housing units due to its status as a vacation destination.

5.4.1 Vacant Units

For the purposes of this Housing Needs Assessment, the term “vacant” means the definition for “Vacant Housing Units” as defined by the U.S. Census Bureau²¹:

“A housing unit is classified as occupied if it is the usual place of residence of the individual or group of individuals living in it on Census Day, or if the occupants are only temporarily absent, such as away on vacation, in the hospital for a short stay, or on a business trip, and will be returning.

A housing unit is classified as vacant if no one is living in it on Census Day, unless its occupant or occupants are only temporarily absent such as away on vacation, in the hospital for a short stay, or on a business trip and will be returning. Housing units temporarily occupied at the time of enumeration entirely by individuals who have a usual residence elsewhere are classified as vacant.

Vacant units are subdivided according to their housing market classification as follows:

For Rent - These are vacant units offered “for rent” and vacant units offered either “for rent” or “for sale.”

Rented, Not Occupied - These are vacant units rented but not yet occupied, including units where money has been paid or agreed upon, but the renter has not yet moved in.

For Sale Only - These are vacant units being offered “for sale only,” including units in cooperatives and condominium projects if the individual units are offered “for sale only.” If units are offered either “for rent” or “for sale,” they are included in the “for rent” classification.

Sold, Not Occupied - These are vacant units sold but not yet occupied, including units that have been sold recently, but the new owner has not yet moved in.

For Seasonal, Recreational, or Occasional Use - These are vacant units used or intended for use only in certain seasons or for weekends or other occasional use throughout the year. Seasonal units include those used for summer or winter sports or recreation, such as beach cottages and hunting cabins. Seasonal units also may include quarters for such workers as herders and loggers. Interval ownership units, sometimes called shared-ownership or time-sharing condominiums, also are included here.

For Migrant Workers - These include vacant units intended for occupancy by migratory workers employed in farm work during the crop season. (Work in a cannery, freezer plant, or food-processing plant is not farm work.)

²¹ Source: 2010 Census Summary File, Technical Documentation, U.S. Census Bureau September 2012

Other Vacant - If a vacant unit does not fall into any of the categories specified above, it is classified as "Other vacant." For example, this category includes units held for occupancy by a caretaker or janitor and units held for personal reasons of the owner."

Housing unit vacancy rates will continue to be a driving force in housing availability in the County. Seasonal, recreational, and occasional (SRO) uses as a share of the overall housing stock have grown since the year 2000. Within twenty years there will be nearly as many housing units as residents when comparing the forecasted housing units (18,059) in Table 5-15 and the projected population for 2036 (9,521 households). The two metrics, expected units and expected households, make it possible to calculate an expected occupancy rate in 2036. To determine housing occupancy rate in 2036, divide the number of expected households (9,521) by number of expected housing units (18,059). The population and housing projections suggest that roughly forty-seven percent of forecasted housing units will be vacant in the year 2036.

Home vacancy and SRO use rates impact housing unit availability because such units are effectively removed from the pool of available housing stock. If past trends persist, the proportion of SRO uses in the County will likely remain static or increase through the year 2036. Given that there is projected to be a vacancy rate of nearly forty-seven percent in 2036 and SRO uses comprise the majority of vacancy in the County, the share of housing used for SRO will likely increase by 2036. SRO units are typically owned or used by part-time residents whom are not counted in the 2036 population projection. If SRO housing units remain a significant proportion of the housing stock, much of the housing stock will remain unavailable for the projected population through 2036.

Renter-occupied housing remained relatively stagnant as a proportion of total units during this period but still showed a modest decline. These trends indicate that the islands are an area with an increasing number of housing units being bought or built by non-County or part-time residents as second homes for vacationing or investment properties.

San Juan, Lopez and Orcas islands have similar housing vacancy rates. About one third of the housing stock on these islands was vacant in 2010. Further data from the 2015 ACS indicates that the proportion of vacancy throughout the County remained around 2010 levels. This suggests that vacancy will probably remain a significant proportion of the housing stock through 2036.

Table 5-8. Housing Inventory by Island, 2010.

Island / Area	Total Units	% of Total	Vacant Units	% of Total	Rental Units	% of Total
San Juan County	13,313		5,700		2,253	
Lopez Island	3,249	24.40%	1,861	32.65%	345	15.31%
Orcas Island	4,515	33.91%	1,854	32.53%	826	36.66%
San Juan Island	5,549	41.68%	1,985	34.82%	1,082	48.02%
Friday Harbor	1,273	9.56%	258	4.53%	513	22.77%
Unincorporated San Juan Island	4,276	32.12%	1,727	30.30%	569	25.26%

Source: U.S. Census Bureau, 2010 Census. <https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=CF>

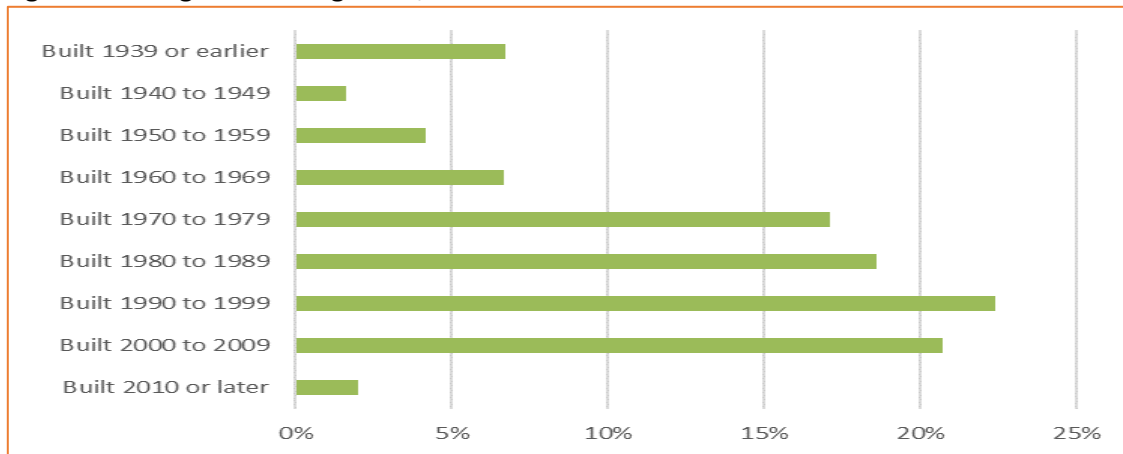
KEY ISSUES:

- Vacancy will continue to make up a sizeable share of the housing stock in the County.
- The majority of vacant housing units in the County are categorized as “For seasonal, recreational or occasional use.”
- Seasonal, recreational or occasional use limits the availability of housing stock.

5.4.2 Age and Condition of Housing Stock

One strength of the County is the average age of its housing stock. Figure 5-13 shows the breakdown of the County’s housing stock by age. About 45 percent of the houses in San Juan County were built in the year 1990 or later, as opposed to 36 percent in Washington State. Ideally, this would mean that the County might not need to devote quite as many resources to maintain the upkeep of the existing aging housing stock as other areas in our state. Only 19 percent of houses in the County were built before 1970 while the rest of the State sits at 33 percent.

Figure 5-13. Age of Housing Stock, 2011-2015.



Source: U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates

There is limited Census level data on the condition of living quarters but according to the ACS, there has been an increase in occupied housing units lacking complete plumbing facilities from 1.7 percent in 2010 to 3.2 percent in 2015. The rest of the State has remained flat at 0.5 percent over this same period. Additionally, occupied housing units lacking complete kitchen facilities has doubled from 0.9 percent in 2010 to 2 percent in 2015, again while the rest of the State has remained static.

According to the local family resource centers, there has been an increase in the number of families living in substandard housing with poor conditions such as trailers or recreational vehicles, and it is not uncommon for people to live some or all of the year in a tent. Also, the largest percentage of respondents to the County’s 2017 Point in Time Homeless Count were those living in substandard structures (see Section 5.5.5).

KEY ISSUES:

- Many of the County’s housing units (45 percent) were built after 1990. Only 19 percent were built before 1970.

- The number of occupied housing units lacking complete plumbing facilities and/or complete kitchen facilities have increased. Information on substandard housing in the County is incomplete, but local family resource centers have stated there has been an increase in those seeking services in the County who are living in substandard housing.

5.4.3 Median Home Values

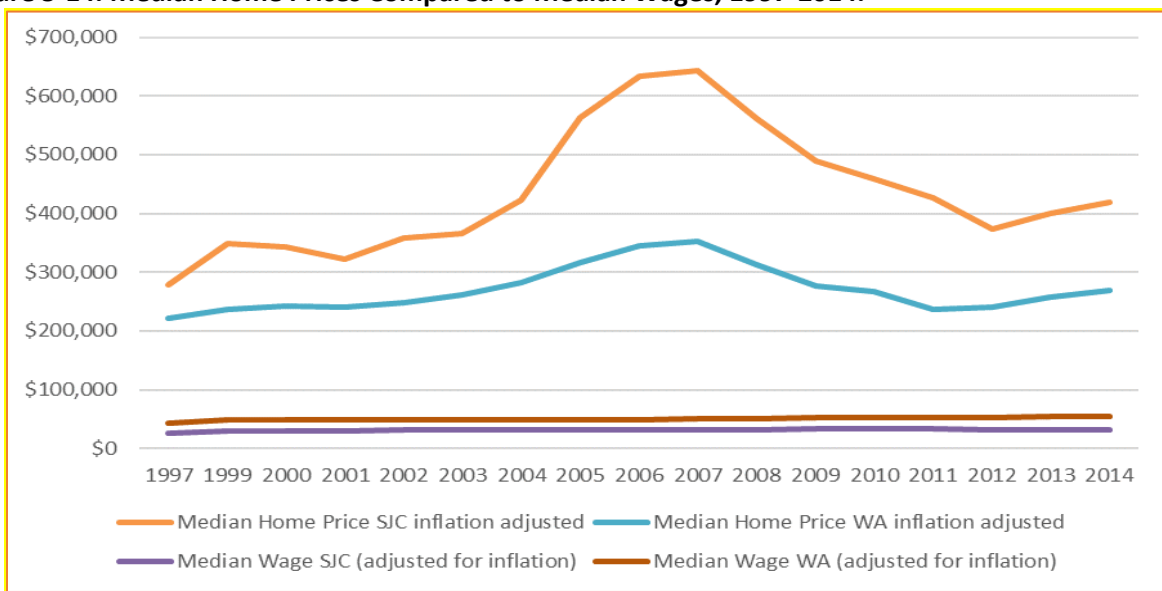
According to the ACS 2015 5-year estimate, the median home value for San Juan County is \$465,500. The median home price in San Juan County has risen every year since 2012, increasing by 8 percent in 2014, 6 percent in 2015 and 6 percent again in 2016.²²

The Washington Center for Real Estate Research (WCRER) places the median resale price of homes in the County in the first quarter of 2017 at \$453,100. The median resale price is nearly 30 percent higher than the rest of Washington State. Because the County is a desirable tourist and second home destination, homebuyers must compete for housing not only with other County residents but also with people from all over the world.

Anecdotally, one contributing factor to high home values and difficulties in creating affordable housing (see Section 5.4) is the reputed higher cost of construction on the islands. The cost of transporting certain building materials from the mainland and a small labor pool of skilled local labor means considerably higher construction costs and challenges than other areas of the State.

As seen in Figure 5-14, Median Wages in both San Juan County and Washington State have remained relatively stagnant since 1997 while Median Home Prices rose dramatically from 1997 to 2007 before seeing a decline due to the Great Recession and have begun to climb again. This graph illustrates that the Median Wage of the County and State do not appear to be factors that influence home prices.

Figure 5-14. Median Home Prices Compared to Median Wages, 1997-2014.

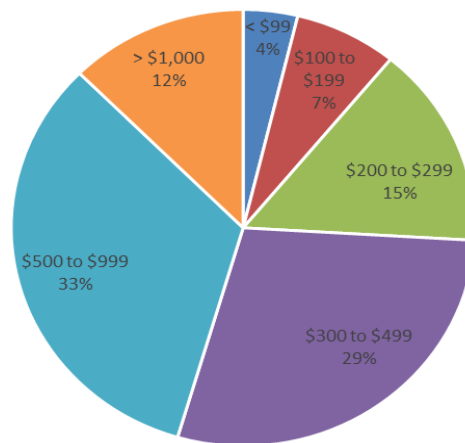


Source: Runstad Center for Real Estate Research; <https://fortress.wa.gov/esd/employmentdata/docs/regional-reports/san-juan-county-data-tables.xlsx>; Bureau of Labor Statistics, CPI Inflation Calculator

²² Source: Washington Center for Real Estate Research, Housing Market Snapshot State of Washington and Counties First Quarter 2017

Figure 5-15 lays out the owner-occupied housing stock in the County by value. According to the 2011-2015 ACS, homes in the County valued at over \$300,000 make up 74 percent of owner-occupied units. There is a lack of units available between \$100,000 and \$300,000; half of all owner-occupied houses in Washington State fall into this range, but only 22 percent of the owner-occupied houses in San Juan County are valued in this range. This graph also does not take into account the value of houses considered vacant, which represents 43 percent of the County housing stock, meaning that the percentage of houses in the County valued at less than \$300,000 is likely even lower. Of owner-occupied dwellings on the islands, 43 percent do not have a mortgage. This is 13 percent higher than the State average.

Figure 5-15. Owner-Occupied Housing Stock by Value (Thousands of Dollars), 2011-2015.



Source: U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates

KEY ISSUES:

- Home prices in San Juan County have risen every year since 2012, and appear to be uncorrelated to median wages. This implies that economic forces outside of the local County economy drive housing demand in the County.
- Only 22 percent of owner-occupied houses in San Juan County are valued between \$100,000 and \$300,000, compared to 50 percent in the rest of Washington State.
- The median resale price of homes in San Juan County in the first quarter of 2017 was \$453,100, 30 percent higher than the rest of Washington State.

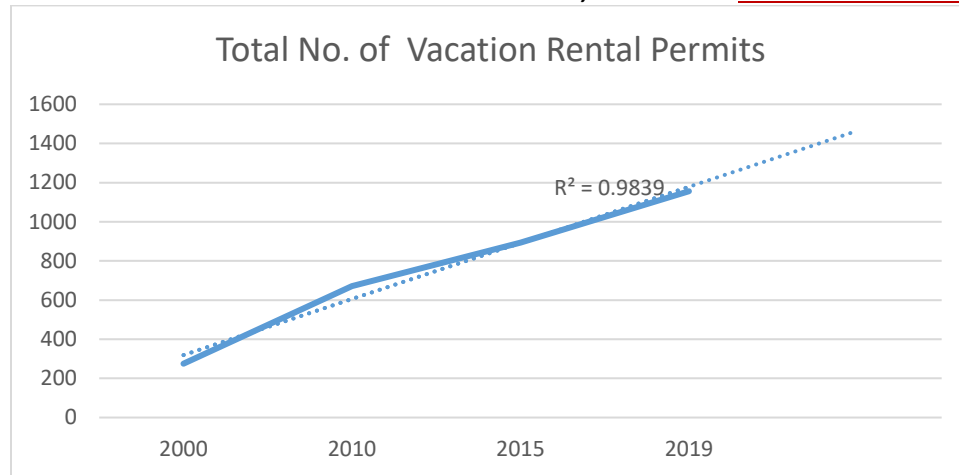
5.4.4 Vacation Rentals

The rise of online vacation rental (VR) services like Airbnb²³ and VRBO (Vacation Rentals by Owner) has created new pressures on vacation destination community housing supplies, often in unexpected ways. Figure 5-16 shows that the number of vacation rentals has steadily increased in the County since the year 2000, long before the increased popularity of online VR booking websites. Despite the continued growth of VRs in the County, VR permitted dwellings only made up 7 percent

²³ From Airbnb.com: "Founded in August of 2008 and based in San Francisco, California, Airbnb is a trusted community marketplace for people to list, discover, and book unique accommodations around the world."

of the total housing stock in 2015 (see Figure 5-15) and 15 percent of the total vacant housing stock. This figure 7 percent does not account for vacation rentals that are operated without a permit.

Figure 5-16. Total Number of Vacation Rental Permits, 2000-2019. UPDATED FOR 2019.

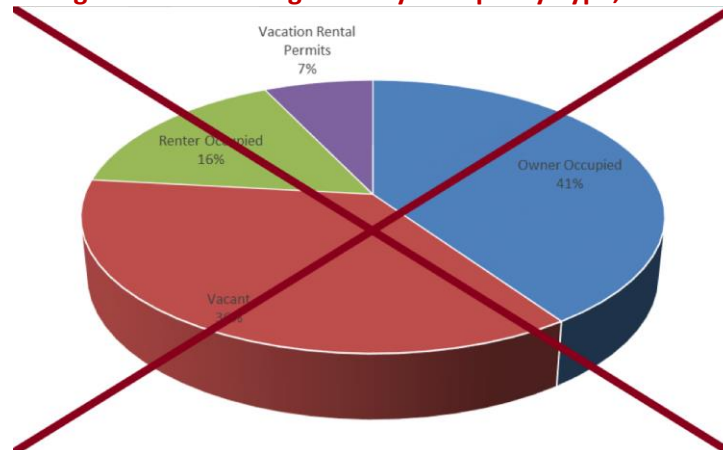


Source: SJC DCD VR Permit Data Assembled 2019

The average rate of growth for vacation rental permits was approximately fifty-one per year over the last twenty years. If that trend continues, by the year 2036 600 to 1,000 new vacation rental units might be added to the current stock of approximately 1,000 permitted vacation rentals. Given that trend, by the year 2036 between 1,500 and 2,000 homes could be vacation rentals. The County forecasts that there will be 18,059 homes here by 2036. If both forecasts hold true, between eight and eleven percent of the housing stock might be used for vacation rentals in the year 2036.

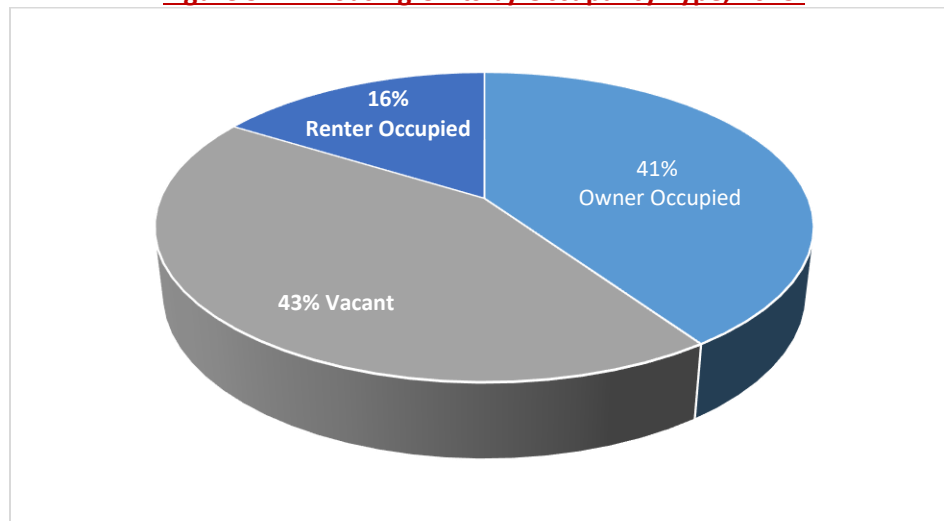
However, since 2018 the County has stepped up enforcement of unpermitted vacation rentals and instituted a vacation rental compliance program. In the first year of the compliance program approximately half of VR permit holders responded to compliance notifications stating whether their VRs were active. In 2019 if VR permit holders do not submit their compliance documents, their permit may be revoked. These efforts could reduce the overall number of VR permits as well as weed out those permits where owners have no intent to use the permit.

Figure 5-17. Housing Units by Occupancy Type, 2015.



1

Figure 5-17. Housing Units by Occupancy Type, 2015.



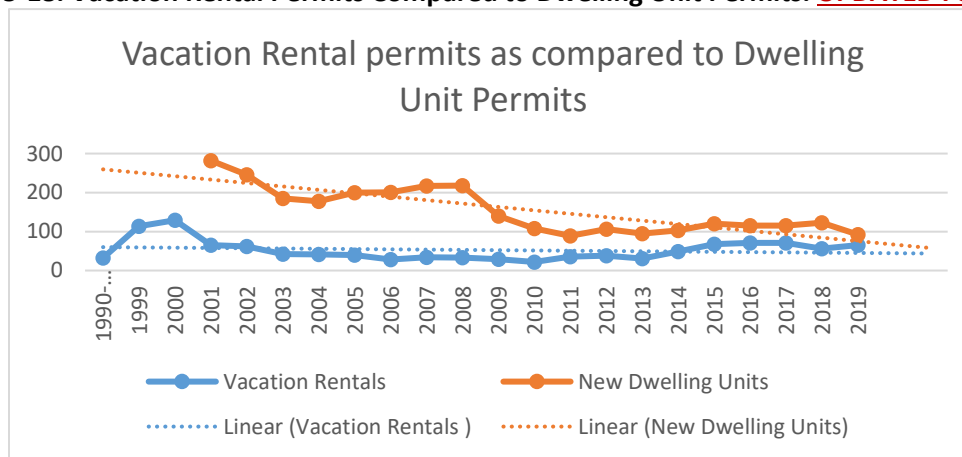
Source: U.S. Census Bureau, 2015 American Community Survey 5-Year Estimates,
Source: SJC DCD VR Permit Data Assembled 2016

2
3
4
5

While Seven percent of County housing stock is composed of vacation rental (VR) units, ~~this is not~~ alarming. The ratio of new VR permits to new housing units being built tells a slightly different story. Vacation rental units have maintained a steady and modest growth over the past 10 years. At the same time, the number of new dwelling unit permits has seen a steady decline (Figure 5-18). This means that although there has not been a large jump in the total number of VR units over time, VR units are becoming a larger and larger proportion of housing stock.

13

Figure 5-18. Vacation Rental Permits Compared to Dwelling Unit Permits. UPDATED FOR 2019.



Source: SJC DCD VR Permit Data Assembled 2019

14
15
16

From 2005-2010, there were on average 5.5 new dwelling units created in the County for every VR permit issued per year. From 2011-2015, there were ~~only~~ 2.18 new dwelling units per VR permit per year. Between 2016 - 2019 there were 1.4 new dwelling units per VR permit per year.²⁴ Figure 5-19 depicts the different types of housing stock's changing proportions over the past 15 years. The trend of declining housing building permits appears to be a greater issue than the trend of increasing vacation rentals.

²⁴ Source: SJC DCD VR Permit Data Assembled 2019

Figure 5-19. Housing Units by Occupancy Type.

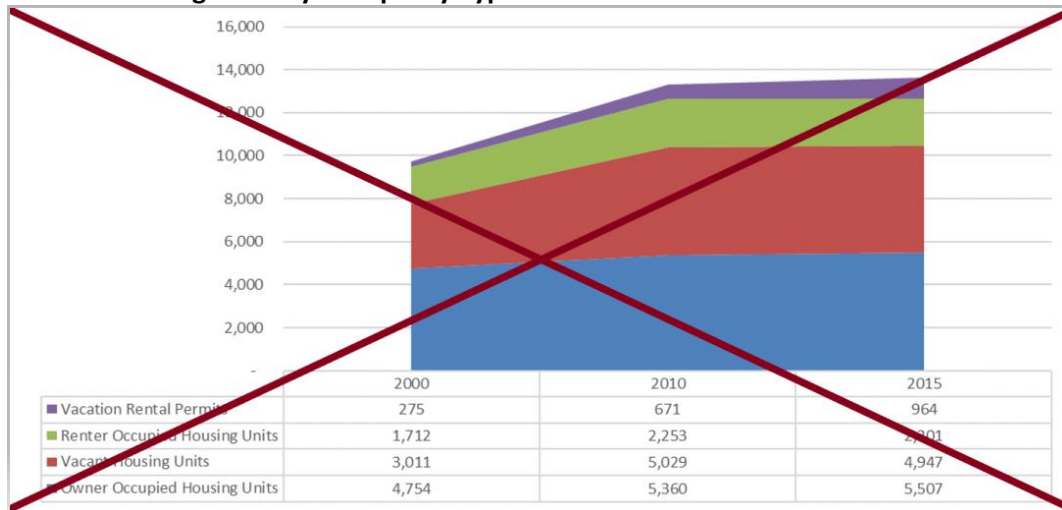
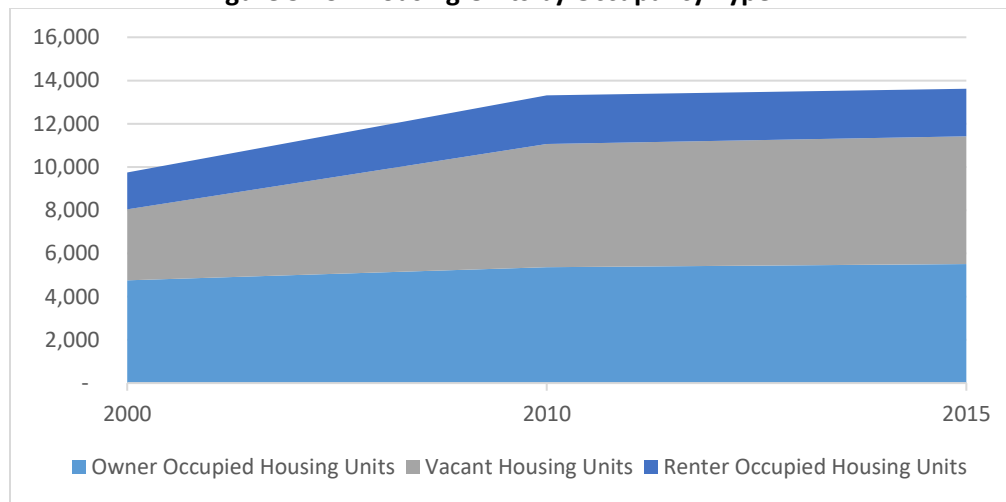


Figure 5-19. Housing Units by Occupancy Type.



Source: U.S. Census Bureau, 2000 Census, 2010 Census, 2011-2015 American Community Survey 5-Year Estimates
Source: SJC DCD VR Permit Data Assembled 2016

According to Land Use Element Policy 2.2.A.12, vacation rentals should be subject to standards similar to those for hospitality commercial establishments but should be classified as a residential use for purposes of land use regulation.

A public concern is that housing units that could otherwise house San Juan County residents are being converted to vacation rentals, depleting affordable year-round housing options. While some lower priced properties are permitted as vacation rentals, other market factors may have a greater effect on the shortage of affordable housing. Figures 5-20 and 5-21 show the assessed value of all parcels with buildings and the assessed value of all parcels with vacation rental permits. Figure 5-21 shows all vacation rental permits as of August 2019. It is important to keep in mind that not all permit holders actively rent their property.

Most parcels with vacation rental permits are valued above the affordable home price. As below Table 5-10, \$285,060 is the maximum affordable home price for a household of four earning the

area median income. This is approximately \$120,000 less than the median assessed property value of all parcels with buildings, which is \$403,890 (Figure 5-20).

Figure 5-21 shows that the median assessed value for properties with vacation rental permits is \$483,905, which is approximately \$200,000 higher than the maximum affordable home price for a household of four. More than two-thirds of the properties permitted for vacation rental are valued above the affordable home price. Considering that vacation rentals are currently permitted for 7 percent of the existing housing stock, vacation rentals are not necessarily depleting the stock of housing affordable for San Juan County residents.

Figure 5-20. Distribution of Assessed Value for All Parcels with Buildings, 2019.

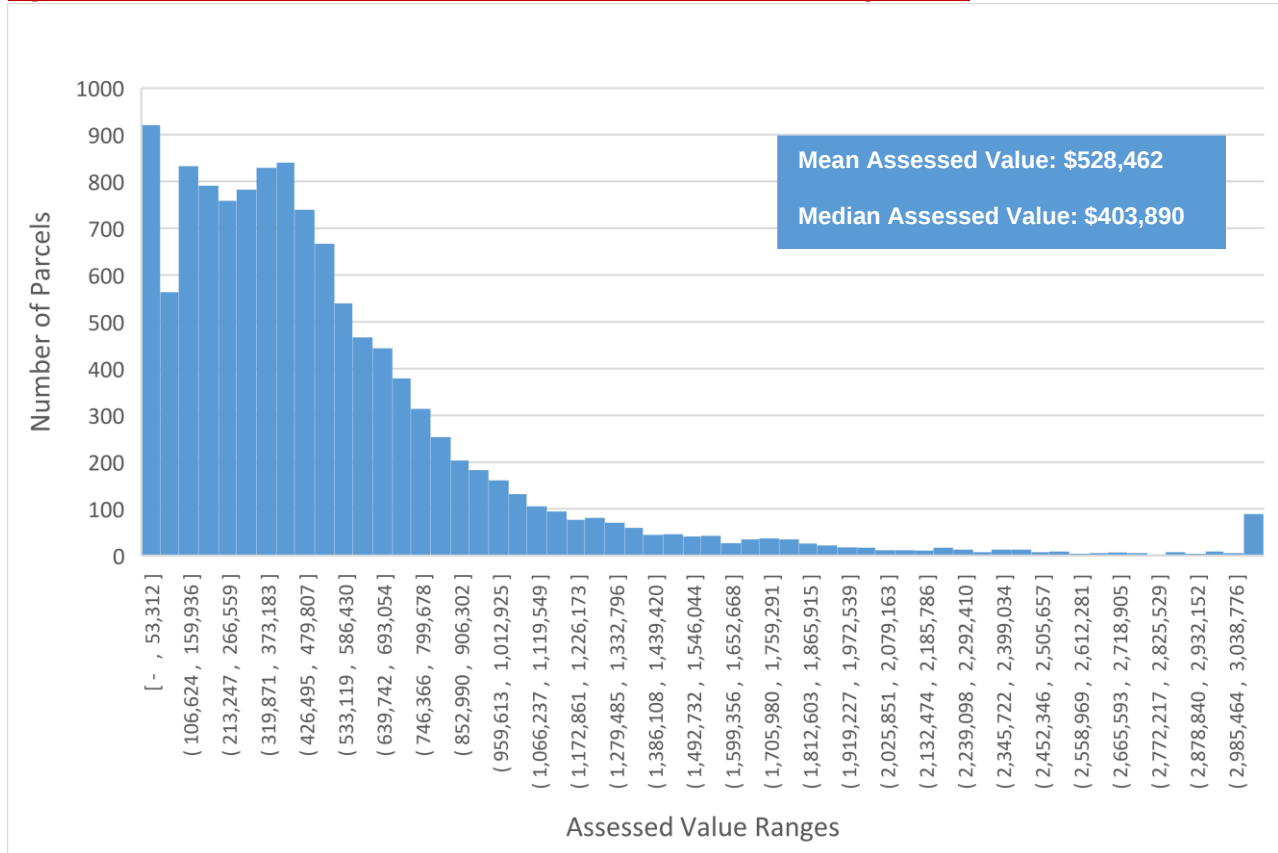
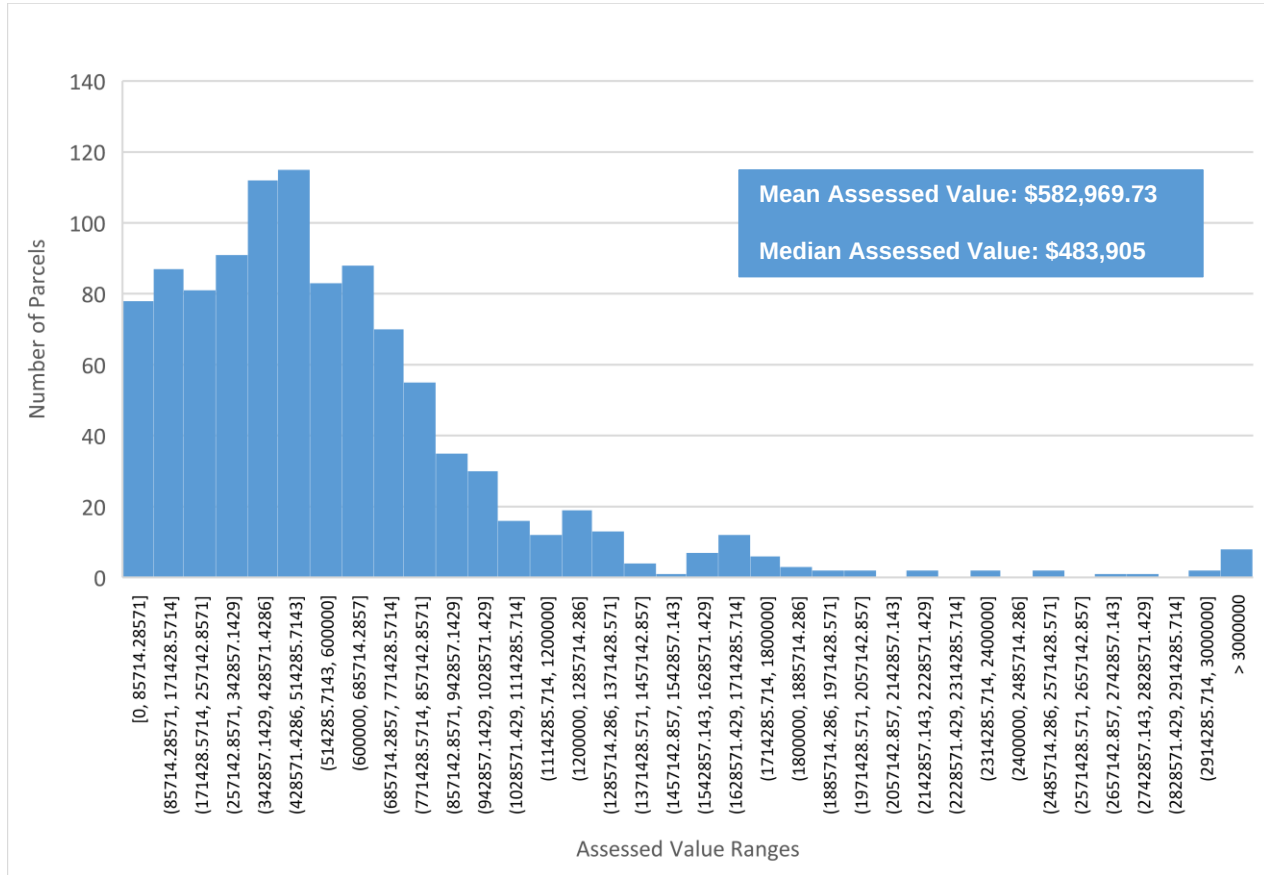


Figure 5- 21. Distribution of Assessed Value for All Parcels with Vacation Rental Permits, 2019.



In 2018, the County amended the vacation rental performance standards (San Juan County Code 18.40.275) to include additional enforcement measures. Under the new regulations, vacation rental proprietors advertising short-term accommodations without a valid permit number were subject to code enforcement action. In 2018, there were approximately forty notices of violation issued for operating an unpermitted vacation rental, an increase in these notices over previous years. Increased enforcement may lead to increased numbers of permitted vacation rentals as more property owners begin to comply with County Code. An increase in the number of permitted vacation rentals will enable the County to better track the share of vacation rentals in the housing stock.

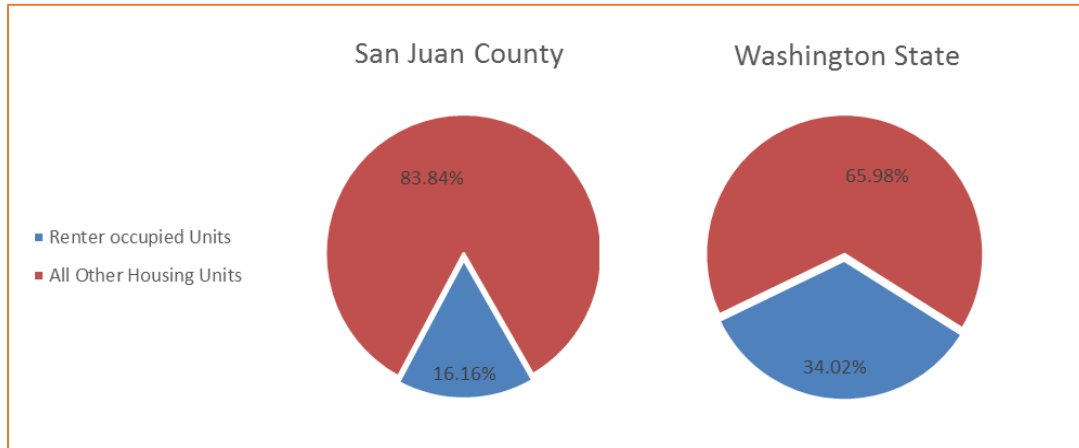
KEY ISSUES:

- The number of vacation rentals in the County has steadily increased since the year 2000, making up 7 percent of the total housing stock in 2015.
- From 2005-2010, there were 5.5 new dwelling units created in the County for every vacation rental permit issued per year.
- From 2011-2016 there were only 2.18 new dwelling units per vacation rental permit.
- By 2036 the County can expect between 1,500 and 2,000 permitted vacation rentals.
- The vacation rental share of total housing can be expected to be between eight and eleven percent by 2036 given permit trends.

5.4.5 Rental Housing

In 2015, renter-occupied housing units only made up roughly 16 percent of all housing units in 2015 in the County (Table 5-7). This less than one-half the percentage of renter occupied housing units in Washington State as a whole (Figure 5-22).

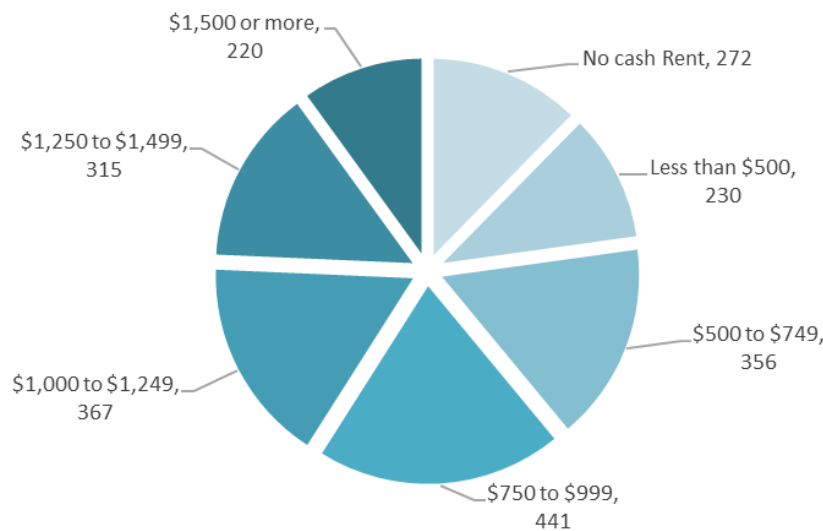
Figure 5-22. Renter Occupied Units as a Percentage of Total Housing Units, 2011-2015



Source: U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates

Figure 5-23 illustrates the County's inventory of rental housing units by gross rent. Of the rental stock in San Juan County, 25 percent have a gross rent of \$1,250 or more a month. San Juan County has a large population of rental units with no cash rent, 13 percent of all rental housing units in the County (4 percent is the statewide average). It is hard to speculate on the details of rental units without cash rent, but these units likely consist primarily of accessory dwelling units on properties where the tenants labor in lieu of rent. Similarly, many units that have less than \$500 rent are apt to be a similarly subsidized arrangement.

Figure 5-23. Rental Housing Units by Gross Rent, 2011-2015



Source: U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates

1 The 2011-2015 ACS Survey estimated there are 3,538 households in the County who make \$50,000
2 or less annually (see Table 5-4). An affordable rental unit is defined as rent including utilities that
3 costs no more than 30 percent of the household's gross monthly income. Assuming a monthly utility
4 cost of \$215 a month²⁵, the maximum rent that would be affordable to someone at the top of this
5 income bracket would be \$1,035. As seen in Figure 5-19, there are only 1,299 rentals in the County
6 with gross rent below \$1,000. That equates to one affordable rental unit for every 2.7 households
7 making \$50,000 or less.

8
9 Anecdotally, the rental market in San Juan County tends to be volatile and seasonal. More housing
10 is typically available in the winter months when there is less demand for rental housing from
11 seasonal workers, and homes that were used for vacation rentals during the summer months are
12 temporarily used for semi-long term tenants when demand is lower. Coupled with an extremely
13 low vacancy rate, even the loss of one rental housing unit can lead to an entire family relocating off
14 island. This puts tremendous economic pressure on renters in San Juan County who must live in
15 uncertainty. In a healthy housing economy, there is a steady stock of vacant rentals available for
16 people experiencing short or long-term economic transitions due to job or housing losses.

17 18 **KEY ISSUES:**

- 19
- 20 ■ Renter-occupied housing units make up 16 percent of the houses in San Juan County, roughly
- 21 50 percent less than the ratio in the rest of Washington.
- 22 ■ One fourth of all rental units in the County cost \$1,250 or more a month.
- 23 ■ For households in the County making \$50,000 or less, there exists only one affordable rental
- 24 unit for every 2.7 households.
- 25 ■ Rental housing in the County can be volatile and is affected by seasonal economic shifts and
- 26 part-time residents.
- 27

28 **5.5 Affordable Housing**

29
30 The Growth Management Act defines affordable dwelling units for sale as:

31
32 "Housing with mortgages that consume no more than thirty percent of the
33 owner's gross annual household income," [WAC 365-196-410(2)(e)(A)].

34
35 More specifically, San Juan County Code 18.60.260 defines affordable housing as:

36
37 "Affordable housing is housing where the occupants pay no more than 30 percent
38 of gross monthly income for total housing costs, including the cost of property
39 taxes and insurance for homeowners and monthly utilities, excluding telephone,
40 for owners and renters. Except where further specified in the Comprehensive

²⁵ Assumption based on rates for Orcas Power and Light Company (Opalco), Eastsound Water & Sewer District and Eastsound Water User Association. Opalco average monthly bill is roughly \$120 according to https://www.opalco.com/wp-content/uploads/2016/12/2017-Budget-Insights_Set-Rates-3.pdf
Eastsound Sewer and Water District rate is \$48 a month: <http://eswd.org/media/96e372b560ea6563ffff80b4fffe417.pdf>
Eastsound Water Users Association has a base rate of \$47 a month: <https://eastsoundwater.org/wp-content/uploads/2016/08/2016-ewua-RATES.pdf>

Plan and this code, “affordable housing” refers to such housing serving as the primary residence for very low-, low-, moderate- and middle-income households. The definition of income groups by household size shall be as most recently defined by the U.S. Department of Housing and Urban Development (HUD) for San Juan County.”

Table 5-9 below sets out HUD’s income limit guidelines for 2017. HUD defines these guidelines as:

“...income limits that determine eligibility for assisted housing programs including the Public Housing, Section 8 project-based, Section 8 Housing Choice Voucher, Section 202 housing for the elderly, and Section 811 housing for persons with disabilities programs. HUD develops income limits based on Median Family Income estimates and Fair Market Rent area definitions for each metropolitan area, parts of some metropolitan areas, and each non-metropolitan county.”

Table 5-9. HUD Area Median Income Limit Guidelines, 2017²⁶.

Area	Median Income	2017 Income Limit Category	1 person	2 persons	3 persons	BASE 4 persons	5 persons	6 persons
San Juan County	\$67,600	Extremely Low 30%	14,250	16,250	20,420	24,600	28,780	32,960
		Very Low 50%	23,700	27,050	30,450	33,800	36,550	39,250
		Low 80%	37,900	43,300	48,700	54,100	58,450	62,800
		Moderate 95%	44,950	51,400	57,800	64,220	69,350	74,500
		Middle 120%	56,800	64,900	73,000	81,120	87,600	94,100
		Low Upper 150%	71,000	81,100	91,250	101,400	109,500	117,600

Source for 2017 Median Income, Extremely Low, Very Low, and Low Categories:

<https://www.huduser.gov/portal/datasets/il/il2017/2017summary.odn>

Between the years 2012-2013, San Juan County created the *Community Conversations Report*²⁷. This report arose out of a series of roundtable discussions on Orcas, Lopez, San Juan and Shaw islands involving over 500 participants regarding the quality of life, size, shape, and service level priorities of County government moving forward. One theme that arose frequently during these conversations was the topic of affordable housing and its importance to not only low-income households. The report also highlighted the need for better affordable housing options for middle-income households as well. It goes on to say:

“Without a more diverse economy that includes high-tech jobs, diversified agriculture, more affordable housing (for seasonal and permanent local jobs), and regulations that support cottage industries, the Islands will likely see a continued slow decline in the economy and the number of available jobs (particularly family-wage rather than minimum-wage jobs).”

²⁶ Moderate, Middle and Low Upper data was calculated by multiplying the Median Income by the Income Limit percentage to derive the 4 person limit, and then multiplying that number by 70 percent for 1 person, 80 percent for 2 persons, 90 percent for 3 person, 108 percent for 5 persons and 116 percent for 6 persons and then rounded to the nearest \$50.

²⁷ <http://www.sanjuan.co/Documents/DocumentCenter/Home/View/12897>

Table 5-10 paints the picture of housing affordability in San Juan County. This table projects an affordable home price for a household based on their annual income, assuming only a five percent down payment and an interest rate of 4.5 percent. Although 46 percent of the County population has an annual income of \$50,000 or less, only 17.81 percent of the houses in the County are valued at a price that would be considered affordable for this income bracket. This table also shows the gulf between what the County considers affordable housing for nearly 50 percent of the population and County home price values. This table only represents theoretical home prices based on Census data. Prices for houses actually available for sale are likely to be even higher.

Table 5-10. San Juan County Housing Ownership Affordability, 2015²⁸.

Income	Affordable Housing Expense (P & I) ²⁹	Mortgage Amount	Down Payment of 5 Percent	Maximum Home Purchase Price	Percent of Households at Annual Income Level Range	Percent of Owner-Occupied Houses Valued near Maximum Home Price Level
\$25,000	\$520	\$103,075	\$5,425	\$108,500	20.4% (\$24,999 or less)	5.03% (\$124,999 or less)
\$50,000	\$1,040	\$205,200	\$10,800	\$216,000	25.5% (\$25,000 to \$49,000)	12.78% (\$125,000 to \$249,000)
\$75,000	\$1,560	\$307,800	\$16,200	\$324,000	18.4% (\$50,000 to \$74,999)	23.5% (\$250,000 to \$399,999)
\$150,000	\$3,125	\$617,500	\$32,500	\$650,000	24.5% (\$75,000 to \$149,000)	58.69% (\$400,000 and up)

Source: U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates

The median resale price of a house in San Juan County in the first quarter of 2017 was \$453,100 and the 2017 Area Median Income (AMI) for a family of four according to HUD was \$67,600. The maximum mortgage including taxes and homeowners insurance that would be affordable to a median income family of four with no other debts and no down payment would be \$285,060. That means there is a gap of nearly \$170,000 between what the average house in San Juan County sells for and what the average San Juan County family can afford.

Affordable housing in San Juan County directly affects the economic and social makeup of the community. Those who wish to make their lives on these islands do not have the economic freedom of movement available in other communities because it is so cumbersome to commute to and from the mainland to work. This housing gap for those in low-income brackets can in turn lead to a shortage of workers for island businesses, directly affecting the overall economic health of the community.

The Lopez Family Resource Center in their 2017 Affordable Housing Assessment states the case for the importance of affordable housing in San Juan County:

“Having sufficient affordable housing is vital to retain residents and provide them with the opportunity to thrive and reach their full potential. Affordable housing allows households to set aside money to save for emergencies, improve their health, further

²⁸ *Uses 25 percent of gross income threshold, 30-year fixed rate mortgage, 4.5 percent interest assumption

²⁹ Principle & Interest

their education, expand employment, have high quality childcare and/or invest in their future, all of which builds more financial security.

Stable Housing Means Stable Children- Research indicates that children who experience a high degree of turbulence are more likely to have high levels of emotional and behavioral problems. Lack of regular, stable housing, and the resulting transitions, can negatively affect children's development, including their physical, social-emotional, and cognitive development.

Stable Housing Means a Healthier Community- Improving housing conditions has shown to reduce health care spending, improve public health, and increases productivity. All of which create a healthier Lopez community.

Stable Housing Means Economic Development- Sufficient affordable housing also has a multiplier effect for local economies making it easier for employers to attract talent, create jobs and boost spending by its residents.

Stable Housing Sustains a Year Round Community- Lopez has experienced many positive benefits from investing in local solutions for affordable housing. We see a more stable school population, small businesses developing, an increase in EMT's and firefighters and other volunteers, less stress among household members - all because people have stable, affordable housing."

Table 5-11 shows the distribution of households in San Juan County by income within HUD's Area Median Income. By far the most common subset is households making more than 100 percent of the area median family income who own their home, followed by owners making between 50 to 80 percent of AMI and renters making above 100 percent AMI. Of the households in San Juan County, nearly 40 percent have income that is considered either low, very low or extremely low according to HUD's guidelines. Those making less than 30 percent of the AMI are the second most common subset of renter households (see Figure 5-24).

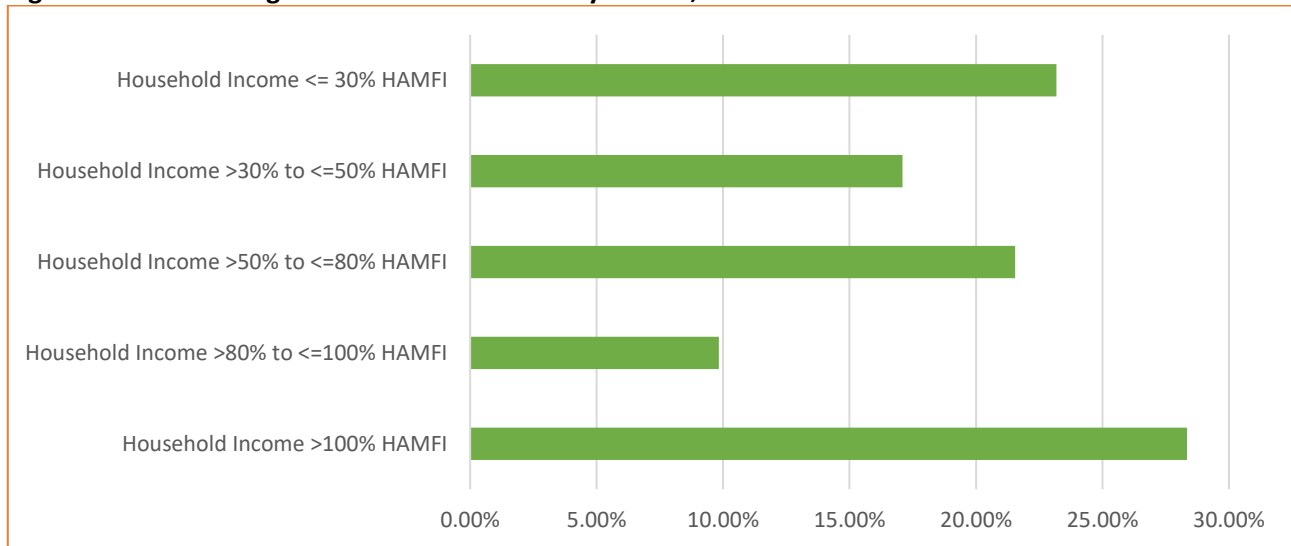
Table 5-11 also projects how many households will be in each subset by 2036. If the County maintains its current distribution of household income, we would expect to see 2,083 households living in the County below 50 percent of the AMI by 2036, and 3,728 households categorized as either low income or below.

Table 5-11. Households by Area Median Income Distribution, 2010-2014.

	Owner	Renter	Total	2010-2014 %	2036 Projected
Household Income <= 30% HAMFI	330	495	825	10.83%	1,031
Household Income >30% to <=50% HAMFI	475	365	840	11.03%	1,050
Household Income >50% to <=80% HAMFI	855	460	1,315	17.27%	1,644
Household Income >80% to <=100% HAMFI	595	210	805	10.57%	1,006
Household Income >100% HAMFI	3,225	605	3,830	50.30%	4,789
Total	5,480	2,135	7,615		9,521

Source: HUD Comprehensive Housing Affordability Strategy Data 2010-2014

Figure 5-24. Percentage of Renter Households by HAMFI, 2010-2014.



Source: HUD Comprehensive Housing Affordability Strategy Data 2010-2014

KEY ISSUES:

- The Area Median Income as defined by HUD in San Juan County in 2017 is \$67,600.
- There is a nearly \$170,000 gap between what the County considers an affordable house for those making the Area Median Income and the median resale price of a home.
- Eighteen percent of houses in the County are valued at a price that would be considered affordable to the 46 percent of households making \$50,000 or less.
- Approximately 3,728 households that are considered low income or below by HUD standards are projected to be living in San Juan County in the year 2036.

5.5.1 Housing Affordability Index

Island County's 2016 Comprehensive Plan Update describes the Washington Center for Real Estate Research (WCRER) Housing Affordability Index (HAI) as:

"Measures the ability of a middle-income family to carry the mortgage payments on a median price home. It is calculated using a ratio of income to the minimum outlay necessary to qualify for a mortgage on a median priced home. An index of 100 means there is a balance between the family's ability to pay and the cost. Higher indexes indicate housing is more affordable and lower indexes indicate housing is less affordable."

The HAI for San Juan County in the first quarter of 2017 was 79.8, a full 44.5 points lower than Washington State's 124.3 HAI (see Table 5-12). This indicates that housing in San Juan County is unaffordable. In fact, housing in San Juan County is the least affordable in the State³⁰. San Juan's HAI has decreased by almost 23 percent in the last year.

³⁰ Source: Washington Center for Real Estate Research, Housing Market Snapshot State of Washington and Counties First Quarter 2017

Finding an affordable house can be particularly difficult for first time homebuyers as first time homebuyers tend to have less capital to invest in a property and thus must pay higher interest rates and a higher monthly payment. The HAI for first time homebuyers in San Juan County in the first quarter of 2017 was 37.5, meaning it was extremely difficult to find an affordable house during this period.

While it is expected that houses will be less affordable for someone buying their first home, the HAI for a first time home buyer in San Juan County was 53 percent lower than for all home buyers in the County. Compare this to the statewide first time HAI that was 42 percent lower than the HAI for all homebuyers in the State. Market conditions in the County make access to the housing market for most people looking to buy their first home unfeasible. Inability for first time homebuyers to participate in the market contributes to the County's increasingly skewed age demographics.

Table 5-12. Median Resale Price and Housing Affordability Index (HAI), 1st Quarter 2017³¹.

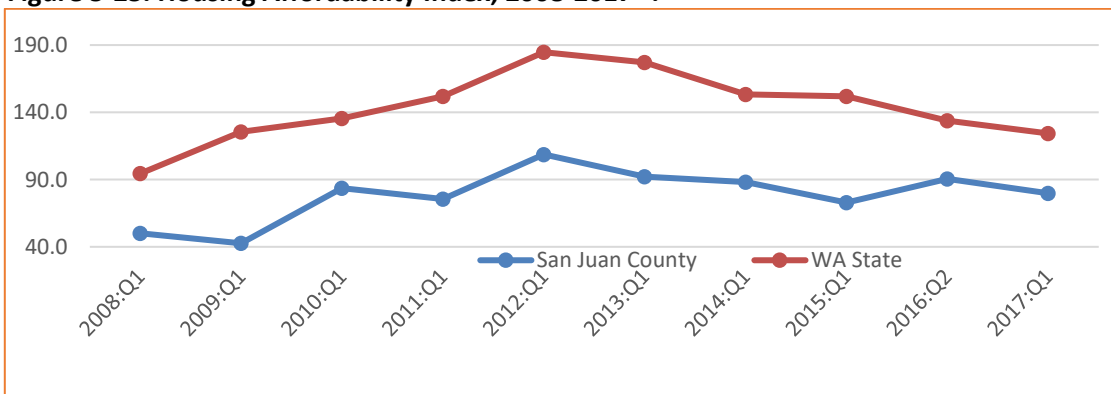
Area	Median Resale Price Q1 2017 (\$)	HAI	First- time Home Buyer HAI
San Juan County	\$453,100	79.8	37.5
Washington State	\$324,300	124.3	71.4

Source: Washington Center for Real Estate Research, Housing Market Snapshot State of Washington and Counties First Quarter 2017

Figure 5-23 shows how the HAI in San Juan County and Washington State have changed over time. Despite the gap in affordability, this graph shows a strong correlation between the HAI in the County and statewide. It would seem that as affordability rises or falls in Washington as a whole, so goes San Juan County (albeit roughly 65 points lower on average).

Following the Great Recession in 2009, housing affordability rose both in San Juan County and across the State until it peaked in 2012. Over the past 5 years, housing affordability has steadily declined and if this trend continues, the HAI will soon reach pre-recession numbers.

Figure 5-25. Housing Affordability Index, 2008-2017³².



Source: Washington Center for Real Estate Research, Housing Market Snapshot State of Washington and Counties 2008-2017

³¹ Affordability index measures the ability of a typical family to make payments on median price resale home. It assumes 20 percent down payment and 30-year amortizing mortgage. First-time buyer affordability index assumes a less expensive home, lower down payment, and lower income.

³² Quarter 2 for 2016 was used rather than Quarter 1 as there was a statistical anomaly that quarter which showed a large jump not seen in Q4 of 2015 or Q2 of 2016.

KEY ISSUES:

- San Juan County's Housing Affordability Index was 44.5 points lower than the rest of the State in 2017. By this measure, the County is considered the least affordable in the state.
- First time homebuyers are particularly disadvantaged in the County's housing market due to the considerable personal capital needed in order to afford the necessary down payment for an average price home.
- Despite being considerably less affordable than the rest of Washington State, fluctuations in the affordability index of San Juan County since 2008 show a correlation with the State's housing market as a whole.

5.5.2 Housing Costs

The HAI measures the theoretical affordability of a family to purchase a new house, but does not address the affordability of the population's current residents. Table 5-13 speaks to the lack of affordable housing in San Juan County. Again, affordable housing meaning housing where the occupants pay no more than 30 percent of gross monthly income for total housing costs, including the cost of property taxes and insurance for homeowners and monthly utilities for renters. Those paying greater than 30 percent of their monthly income on housing costs are considered "cost-burdened."

There were 3,100 cost-burdened households in San Juan County in 2015 (39 percent of households) according to the *2015 Washington State House Needs Assessment* created by the Washington Affordable Housing Advisory Board. If that rate of cost-burdened households continues, it means the number of cost-burdened households will increase by 613 in San Juan County by 2036 for a total of 3,713 households.

Table 5-13 shows the percentages of population income brackets paying more than 30 percent, 20 to 29 percent, and less than 20 percent in 2010 and 2015 for both renter and owner-occupied housing units. Over those 5 years, the percentage of cost-burdened households has increased in nearly every income bracket. There is no indication that this trend will cease or slowdown in the future and it is likely that more and more residents in the future will be paying a greater share of their monthly income to housing costs. Households considered cost burdened are likely to have difficulty paying for other essentials such as insurance, food, heating, car payments, etc.

Table 5-13. Monthly Housing Costs of Occupied Housing Units as a Percentage of Household Income.

2010 Household Income	No Cash Rent or Zero/Negative Income	< \$20,000	\$20,000 to \$34,999	\$35,000 to \$49,999	\$50,000 to \$74,999	\$75,000 or more
Owner-occupied housing units	1.1%	12.5%	12.0%	15.7%	21.9%	36.7%
Less than 20 percent		11%	30%	39%	44%	57%
20 to 29 percent		10%	16%	22%	20%	22%
30 percent or more		79%	55%	39%	37%	21%
Renter-occupied housing units	8.0%	22.3%	24.6%	15.7%	20.6%	8.8%
Less than 20 percent		3%	10%	17%	46%	77%
20 to 29 percent		15%	23%	46%	47%	23%
30 percent or more		82%	67%	38%	7%	0%

2015 Household Income	No Cash Rent or Zero/Negative Income	< \$20,000	\$20,000 to \$34,999	\$35,000 to \$49,999	\$50,000 to \$74,999	\$75,000 or more
Owner-occupied housing units	0.8%	8.6%	14.4%	13.2%	19.3%	43.7%
Less than 20 percent		10%	29%	36%	41%	67%
20 to 29 percent		12%	17%	19%	22%	22%
30 percent or more		78%	53%	45%	37%	11%
Renter-occupied housing units	13.8%	23.6%	18.4%	16%	14.4%	13.7%
Less than 20 percent		1%	6%	13%	38%	83%
20 to 29 percent		14%	22%	44%	49%	15%
30 percent or more		86%	72%	43%	13%	2%

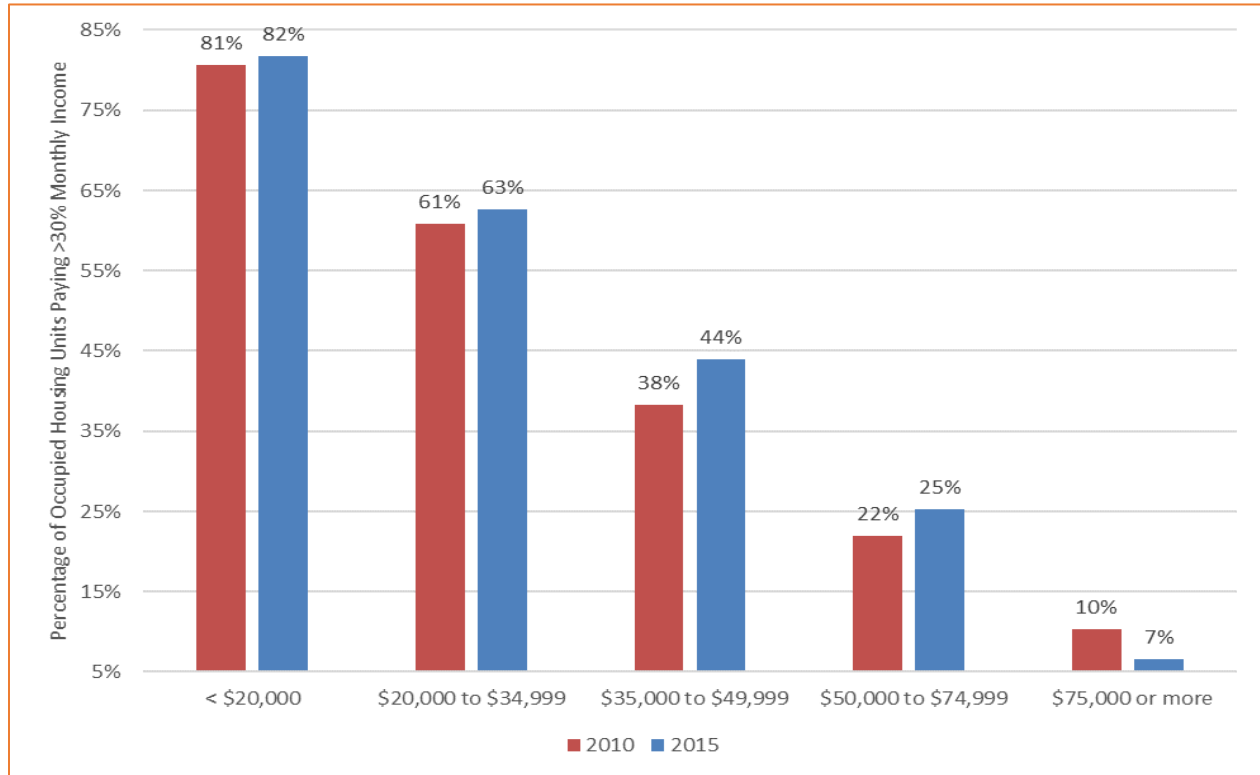
Source: U.S. Census Bureau, 2006-2010 American Community Survey 5-Year Estimates

Source: U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates

The lack of affordable housing options in San Juan County affects nearly every income demographic. In 2015, 37 percent of households in the \$50,000 to \$74,999 income bracket who own their homes (roughly 75-110 percent of AMI) were cost-burdened. Households with extremely low income, less than \$20,000, are cost-burdened at a rate of 78 percent.

Figure 5-24 displays how the number of cost-burdened owner and renter households have changed between 2010 and 2015. Every population demographic of household income has seen an increase in the number of households with monthly housing expenses considered unaffordable except those making \$75,000 or more. The largest increases came from those making between \$35,000 and \$74,999. This indicates that low-income households have been struggling with housing costs for some time, and it is becoming much more common for middle and moderate-income households to experience cost-burdened housing.

Figure 5-26. Occupied Housing Units paying >30 Percent of Household Income to Monthly Housing Costs.



Source: U.S. Census Bureau, 2006-2010 American Community Survey 5-Year Estimates

KEY ISSUES:

- There were 3,100 cost-burdened households in San Juan County in 2015, and 3,713 are projected to live in the County by 2036.
- From 2000 to 2010, the percentage of cost-burdened households increased in nearly every income bracket in San Juan County.
- The lack of affordable housing options affects nearly every income bracket.
- It is becoming more common for middle and moderate-income households to become cost-burdened by housing.

5.5.3 Homelessness

The Washington Homeless Housing and Assistance Act requires that each County in Washington State conduct an annual point-in-time (PIT) count of sheltered and unsheltered homeless persons. This census is conducted in accordance with the requirements of the U.S. Department of Housing and Urban Development (HUD). The 2017 (PIT) took place on January 26, 2017.

Table 5-14. San Juan County Point in Time Homeless Count, 2014-2019.

	2014	2015	2016	2017	2018	2019
Individuals Considered Homeless	44	74	58	96	57	67
Individuals Considered at Risk of Homelessness	21	60	46	58	63	82
Total	65	134	104	154	120	149

Source: SJC Health & Community Service PIT Data

1 The year-to-year count in San Juan County tends to be volatile depending on volunteer participation
2 and weather. In 2017, the highest PIT count ever was recorded for San Juan County. Individuals are
3 considered homeless if they are living outdoors, either in a vehicle, or in a substandard structure
4 lacking one of the following: drinking water, a restroom, heat, ability to cook hot food, or the ability
5 to bathe. Those living temporarily with family or friends are considered at risk of homelessness.

6
7 The highest percentage of respondents during the 2017 count were those living in substandard
8 structures³³, suggesting that even those who may live in housing that is statistically considered
9 “affordable” can still be living in an unsafe or sub-par shelter. ~~San Juan County Health & Community~~
10 ~~Services expects that the number of individuals in the County considered homeless will continue to~~
11 ~~rise as the County improves its PIT volunteer recruitment and methodology, leading to increased~~
12 ~~identification of those in the County living in substandard housing. Individuals living in substandard~~
13 ~~structures were not counted as homeless in the 2018 and 2019 PIT.~~

14 15 **KEY ISSUES:**

- 16
- 17 ▪ The 2017 Point in Time Count recorded the highest number of individuals considered
- 18 homeless or at risk of homelessness residing in the County since the inception of the count.
- 19 ▪ The highest percentage of respondents during the 2017 count were those living in
- 20 substandard structures.
- 21 ▪ In 2019, 149 people were considered homeless or at risk of homelessness in the County.
- 22

23 **5.5.4 San Juan County Affordable Housing Programs**

24
25 San Juan County Health & Community Services Department administers affordable housing
26 programs in the County. These programs are funded primarily through document recording fees
27 (see RCW 36.22.179), as well as State and federal grants. Currently there is no specific local funding
28 source for affordable housing in the County and San Juan County is one of two counties in
29 Washington without a Housing Authority. Some of the programs administered by the County are:

30 31 **1. Senior and Disabled Rental Subsidy Program**

32 Begun in 2009, this program provides rental assistance to extremely low-income seniors and
33 people with disabilities below 30 percent of the area median income. Funded by RCW
34 36.22.179 document recording fees, the program has averaged \$60,487 awarded per year.

35 36 **2. Emergency Rental Assistance Program**

37 Also begun in 2009, this program helps low-income people who are in immediate need of
38 rental assistance to avoid eviction or to facilitate a move to new housing. The program is
39 administered by the Family Resource Centers on Lopez, Orcas and San Juan Islands. Funding
40 for this program has come from a variety of sources including the United Way, FEMA, the
41 Opportunity Council, private donations and RCW 36.22.179 document recording fees. This
42 program has averaged \$14,856 in funding awards per year.

43
44
45

³³ Source: SJC Health & Community Service PIT Data Assembled June 2017

1 3. **Very Low-Income Housing Fund Awards**

2 Begun in 2005, this program provides funding to local nonprofits and developers, as either
3 grants or loans, for construction, operation or maintenance of projects that serve families or
4 individuals earning less than 50 percent of the area median income. Funded by RCW
5 36.22.178 document recording fees, this program has averaged \$38,760 in grant awards per
6 year.
7

8 4. **Equity Loan Program for First Time Homebuyers**

9 Funds for establishing this revolving loan fund were from two grants to San Juan County from
10 the Housing Trust Fund in 1997 and 2001. The program provides soft second mortgages to
11 fill the gap between what low income San Juan County residents can afford and what modest
12 housing actually costs in the County. Since the fund's inception, the County has been able to
13 provide down payment assistance to 59 families in the County making 80 percent of the area
14 median income or less.
15

16 5. **Real Estate Excise Tax (REET)**

17 One recent step taken by the County to address housing needs is the adoption of a one-half
18 of one percent (0.5%) real estate excise tax (REET) to be used for the development and
19 preservation of affordable housing as allowed by RCW 82.46.075. This REET was adopted by
20 a majority of voters on November 6, 2018. The first round of funding is expected to be
21 available for projects in 2019. The proceeds will be used exclusively for the development of
22 affordable housing including acquisition, building, rehabilitation and maintenance of housing
23 for those that need it.
24

25 6. **County Lands for Affordable Housing**

26 In 2018, San Juan County began reviewing County owned properties for possible
27 development of affordable housing. In that year, the County completed a request for
28 proposal process for a parcel of land in Lopez Village to be developed by a local non-profit
29 affordable housing developer. Negotiations for this property are expected to continue
30 through 2019 with completion of the development expected later that year or early in 2020.
31

32 In March 2016, the County Council authorized the creation of a workgroup to develop an Affordable
33 Housing Strategic Action Plan (Appendix 1). The goal was to develop four to six prioritized actions
34 to address housing issues. This workgroup consisted of County and Town of Friday Harbor staff, local
35 business owners, school board members, and non-profit directors. Through their discussions, the
36 workgroup identified six specific housing needs:
37

- 38 1. Long-term Rentals; Serving individuals making between \$15 - \$20/hour; Rent Range \$680 -
39 \$940/month.
- 40 2. Long-term Rentals (studios & one-bedroom units); Serving individuals with limited or fixed
41 incomes; Rent Range \$0 - \$680/month.
- 42 3. Long-term Rentals; Serving Individuals making over \$20/hour; Rent Range \$940 - \$2,000
- 43 4. Short-term, Reduced Amenity Housing (e.g. dorms, studios, shared occupancy); Serving
44 Seasonal Temporary Worker; Rent Range \$400 - \$500/month.
- 45 5. Homeownership; Price Range \$80,000 - \$275,000.
- 46 6. Housing with Supportive Services (e.g. Transitional or Group Housing).

To address these needs, the workgroup identified 16 distinct actions aimed at increasing or maintaining the availability and affordability of housing stock in San Juan County and prioritized these five specific actions:

1. Identify and recommend a local affordable housing funding measure.
2. Develop a capital account to be used to purchase existing units when available.
3. Expand home repair and weatherization programs.
4. Develop a public/private partnership program to build affordable housing units and explore using publicly owned land to construct units.
5. Regulate vacation rentals (e.g. yearly permit with fees, inspections, ensure lodging tax is collected, add an impact fee to be used for affordable housing).

5.5.5 Housing Groups and Non-Profits

There are a number of different groups and nonprofits working in the County to provide affordable housing. The Lopez Community Land Trust, OPAL Community Land Trust, the San Juan Community Home Trust, and Homes for Islanders are all housing nonprofit groups in the County who combined have created approximately 293 housing units,³⁴ representing about four percent of the full time occupied housing stock. An additional 233 units are planned or in development.

The homes built by the three Community Land/Home Trusts aim to be permanently affordable, with resale restrictions in place to ensure that these homes remain affordable to the same income group over time and construction subsidies that benefit multiple families rather than solely the first owner.

Additionally, the Opportunity Council is a private, nonprofit community action agency operating out of Bellingham that serves San Juan County in a variety of different ways including Tenant Based Rental Assistance and weatherization programs. The Family Resource Centers on each island play a pivotal role in connecting low-income County residents with housing and many other poverty alleviation programs.

5.5.6 Affordable Apartments

In 2017, there are 130 “affordable apartments” representing about two percent of the full time occupied housing stock in San Juan County. These apartments were largely constructed using United States Department of Agriculture (USDA) low interest loans and subsidized with Low Income Housing Tax Credits. However, the number of apartments in the County with income restrictions is declining and there have been no new Low Income Housing Tax Credit financed projects in the County in nearly 25 years nor is USDA currently financing any new developments.

In the past, new multi-unit developments were constructed in the County using USDA loans with affordable unit restrictions to finance projects. The program works with private-sector lenders to provide financing to increase the supply of affordable rental housing for low- and moderate-income individuals and families in eligible rural areas and towns.

³⁴ See Table 5-15. San Juan County Low-Income Housing Inventory, 2017

Once the USDA loan is repaid, these developments can then raise the rent of all of their units to market rate, effectively eliminating their units from the affordable housing stock. As well, if a development is foreclosed and sold at auction, the USDA affordability requirements are extinguished. Two such complexes in the County have already returned to market rate, with more scheduled to lose their affordability requirements over the planning horizon (see notes on Table 5-22).

At the same time, there have been no new USDA developments to take the place of those returning to market rate rents. In part, this is due to changes in the federal tax credit program and the economy of scale required to make affordable apartment complexes feasible.

5.6 HOUSING UNIT FORECAST

To forecast housing units expected by 2036, staff developed a linear forecast of expected housing units using Employment Security Department (ESD) building permit data from the U.S. Census Bureau. The forecast applies the average of the total number of building permits from 1980 through 2016. The annual average number of building permits issued over this period was 209 housing units. This number of units was added to the 2016 housing unit total and each year through 2036 to arrive at the forecast of 18,059 units by the year 2036. Using this linear forecast method, Table 5-15 shows a forecast of 4,180 housing new units by 2036.

Table 5-15. 2036 Housing Unit Forecast Using Employment Security Department Permit Data 1980-2016.

	Units Added Per Year	Total New Units Expected by 2036	2036 Housing Units	2036 Occupancy Rate	2036 Vacancy Rate
FORECAST	209	4,180	18,059	52.7%	47.3%
FORMULA	Average number of building permits 1980-2016	209 annual units times 20 years	2016 Units plus Total New Units Expected	2036 households / 2036 forecasted housing units	100% - 2036 forecasted Occupancy Rate

Source: Employment Security Department (ESD) data 1980 – 2016 and Staff calculations.

Table 5-16. Employment Security Department Permit Data 1980-2016.

Housing Permits									
year	1980	1981	1982	1983	1984	1985	1986	1987	1988
Total Units	135	140	111	109	175	148	144	139	202
Single-Family Units	123	140	99	101	120	148	127	127	190
Multi-Family Units	12	0	12	8	55	0	17	12	12
Units in 2-unit Multi-Family Structures	2	0	0	0	0	0	14	0	0
Units in 3- and 4-unit Multi-Family Structures	0	0	0	8	0	0	3	4	6
Units in 5+ Unit Multi-Family Structures	10	0	12	0	55	0	0	8	6

Table 5-16. ESD Permit Data 1980-2016 Continued.

Housing Permits									
year	1989	1990	1991	1992	1993	1994	1995	1996	1997
Total Units	238	360	288	288	453	255	287	384	443
Single-Family Units	217	299	271	263	406	208	261	332	425
Multi-Family Units	21	61	17	25	47	47	26	52	18
Units in 2-unit Multi-Family Structures	6	20	4	0	0	0	0	0	0
Units in 3- and 4-unit Multi-Family Structures	6	0	0	0	0	0	0	0	0
Units in 5+ Unit Multi-Family Structures	9	41	13	25	47	47	26	52	18

Housing Permits									
year	1998	1999	2000	2001	2002	2003	2004	2005	2006
Total Units	277	311	392	171	168	180	190	212	191
Single-Family Units	275	311	368	171	161	178	172	204	189
Multi-Family Units	2	0	24	0	7	2	18	8	24
Units in 2-unit Multi-Family Structures	2	0	24	0	4	2	12	4	24
Units in 3- and 4-unit Multi-Family Structures	0	0	0	0	3	0	6	4	0
Units in 5+ Unit Multi-Family Structures	0	0	0	0	0	0	0	0	0

Housing Permits										
year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total Units	207	189	120	189	105	92	109	109	100	124
Single-Family Units	157	184	120	189	105	92	109	109	100	118
Multi-Family Units	50	5	0	0	0	0	0	0	0	6
Units in 2-unit Multi-Family Structures	16	0	0	0	0	0	0	0	0	6
Units in 3- and 4-unit Multi-Family Structures	0	0	0	0	0	0	0	0	0	0
Units in 5+ Unit Multi-Family Structures	34	5	0	0	0	0	0	0	0	0

Source: WA State Employment Security Departments

Looking at Table 5-17 below, the County's projected 2036 population is 19,423. Using the 2016 a household size of 2.04 people, the County would have 9,521 households by 2036. By dividing the number of households (9,521) by the number of projected housing units (20,531) an estimate of the 2036 occupancy-rate is fifty-two percent. That means forty-seven percent of the housing stock would be vacant. Vacant housing as a share of overall housing stock would increase by nearly four percentage points over the 2015 rate of forty-three percent (Figure 5-7) and account for nearly half of the total housing stock.

Table 5-17. 2036 Housing Unit Forecast and Occupancy and Vacancy Rates.

2016 Housing Units	2036 Forecasted Housing Units	2036 Projected Population	2036 Households (2.04 people per household)	2036 Occupancy Rate	2036 Vacancy Rate
From OFM Data	Table 5-15	From Comp. Plan Appendix 1	From Comp. Plan Appendix 1	2036 Households / 2036 Forecasted Housing Units	100% - 2036 Occupancy Rate
13,859	18,059	19,423	(19,423 / 2.04) = 9,521	(9,251 / 18,059) = 52.7%	(100% - 52.7 %) = 47.3 %

Source: WA State ESD housing permit data and San Juan County Comprehensive Plan Appendix 1.

It is expected that 9,521 housing units will be needed to meet the projected population and number of households in 2036.

5.7 Seasonal Population

An estimate of the peak-season population (residents plus visitors) is included with the population forecast in Appendix 1 of the Comprehensive Plan. The visitor population estimates in Table 5-18 include both tourists and part-time residents that would not be counted in other demographic measurement methods like the U.S. Census. The estimated daily populations in Table 5-18 are an estimate of how many people may be in the County on a given day during the peak season. These estimates were derived from analysis of ferry ridership numbers, visitor accommodation capacity, and the County's 2018 San Juan Islands Visitor's Study.

Table 5-18. Peak Daily Population, Actual and Expected.

2016 Resident Population	2016 Est. Daily Visitor Population	2016 Estimated Peak Daily Population	2036 forecasted Resident Population	2036 Estimated Peak Daily Population (low)	2036 Estimated Daily Visitor Population (low)	2036 Estimated Peak Daily Population (high)	2036 Estimated Daily Visitor Population (high)
16,314	8,496	24,810	19,423	27,810	8,387	29,810	10,387

Source: Comprehensive Plan Appendix 1, Population Forecast

The peak population influences the supply and demand for housing in the County. Visitors to the County create demand for visitor accommodations. Increased demand for visitor accommodation drives the market to respond in two ways. The market responds with higher prices for the quantity of visitor accommodations supplied. Increased demand and the accompanying higher prices will also incentivize an increase in the supply of visitor accommodations. The increase in supply of visitor accommodations has largely been answered through an increase in the number of short-term rental of residences (vacation rental) because other types of accommodations (hotels, campgrounds,

resorts etc.) are more limited by County regulations. The dual pressure of increased demand for visitor accommodations and limited supply of visitor accommodations that are not residential units creates additional competition in the market between visitors, prospective buyers, and long-term renters.

5.8 Land Availability

Land availability information not available at the time of this draft. It will be assessed in the land capacity analysis.

5.8.1 Housing Targets and Capacity

This Section will be completed after the land capacity analysis is done.

5.9 Conclusions

In 2016, there were 13,859 housing units in the County (Figure 5-17). The County projects there will be 9,521 households by 2036 (pg. 5). There were enough housing units in 2016 to house the projected households in 2036. Despite the adequate overall supply of housing units, many residents struggle to find a place to live. This is likely because of two key issues affecting housing in San Juan County: affordability and availability. Availability is largely influenced by the large share of vacant units in the overall housing stock. Vacant units occupied 43 percent of the housing stock in 2015 (Table 5-7). Affordability has two major influences, the increasing cost of home ownership and income level of County residents. Unchecked, availability and affordability will continue to make it harder for middle and low-income households to live in San Juan County.

Goals and policies in the Comprehensive Plan Housing Element should address these two key issues to slow the rate of market-based displacement of middle and low-income families. The supply of housing has increased steadily since 1980 but; affordability and availability persist as barriers of entry to the housing market for many people. Simply increasing the housing stock will not address the issues of affordability and availability. These twin challenges will necessitate an innovative policy response.

The Housing Element should encourage the creation and preservation of affordable housing for both low and middle-income families that is permanently affordable, and incentivize the creation and preservation of year round rental housing and multi-family unit housing. These policies should promote a diversity of housing opportunities in the County, work to decrease occurrences of substandard housing, and continue to support local non-profit affordable housing providers while also appropriately planning for the additional housing need created by future population growth. Enacting such policies will promote a more vibrant and balanced economy, with stability for local workers, families, and businesses.

Availability presents a more difficult problem to address with policy. Home occupancy cannot be legislated and non-local property owners drive demand for higher priced second homes that contribute to seasonal, recreational, and occasional use of the housing stock. Comprehensive Plan

1 policies should encourage the creation of more multi-family development within the urban growth
2 areas (UGA) in the County. This kind of housing in the UGAs could be incentivized through a density
3 bonus or tax incentives. The Housing Element could also respond to availability concerns by
4 considering new methods to make land available to affordable housing developers for the creation
5 of new multi-family and low-income housing.

6
7 In 2018, County staff held five community workshops and an online poll to gather input on
8 Comprehensive Plan related issues. The complete workshop and online polling results are included
9 in a January 31, 2019³⁵ staff report. Workshop participants and online poll respondents identified
10 cost of construction, land cost and availability, and limited areas where high density is allowed as
11 the most significant barriers to affordable housing development. These are three topics that the
12 Comprehensive Plan could focus policy on to address availability and affordability.

13 A map exercise related to affordable housing was also included during the 2018 community
14 workshops. Workshop participants indicated ideal locations for affordable housing on a map of the
15 County. The majority of responses were placed in UGAs and residential activity centers. This
16 suggests that policies that encourage affordable housing development such as density bonuses and
17 tax incentives should be directed to areas already designated to for more intense development.

³⁵ <https://www.sanjuanco.com/DocumentCenter/View/18073/>

5.10 San Juan County Low-Income Housing Inventory

Table 5-20. San Juan County Low-Income¹ Housing Inventory, 2017.

ISLAND	AGENCY OR OWNER	DEVELOPMENT	SINGLE FAMILY HOMES	LOW INCOME RENTAL APTS W/O SUBSIDY	LOW INCOME RENTAL APTS W SUBSIDY	SINGLE FAMILY HOMES UNDER DEVELOPMENT	TOTAL EXISTING OR UNDER DEVELOPMENT	SINGLE FAMILY HOMES PLANNED	SINGLE FAMILY HOMES PROPOSED	RENTAL HOMES PLANNED	LAND BANKED FOR RENTAL/OWNERSHIP	TOTAL PLANNED OR PROPOSED
SAN JUAN	San Juan Community Home Trust ²	Salal	15				15					0
		Sun Rise	22			4	26				94	94
	Homes For Islanders ³	Leeward Cove	8				8					0
		Rocky Bay	8				8					0
		Park Plaza	9				9					0
		County Village Estates	31				31					0
		Harbor Grove	12				12					0
		Heritage Court				9	9					0
		Maypole Meadows				20	20					0
		Foxcroft					0	16				16
	Ad-West Property Mgt	Friday Harbor Village ⁴										
		Harborview ⁵		14	6		20					0
		Island Meadows ⁶										
		Islewood ⁷		9	9		18					0
		Rosewood ⁸			18		18					0
	Diamond Mgt	Gerard Park ⁹		4	16		20					0
		Surina Meadows ¹⁰		2	18		20					0
ORCAS	OPAL Comm. Land Trust ²	OPAL Commons	18				18					0
		Bonnie Brae	24				24					0
		Oberon Wood	5				5					0
		Oberon Meadow	4				4					0
		Lahari Ridge	6				6					0
		Wild Rose Meadow	32				32					0
		Scattered Sites	14				14					0
		OPAL Reddick		7			7					0
		Orcas Village					0	12				12
		North Beach					0			30	15	45
		Lavender Hollow		5	17		22					0
	Homes For Islanders ³	Woodland Estates	8				8					0
		North Beach Gardens	6				6					0
	Ad-West Property Mgt	Orcas Longhouse ¹¹		16			16					0
LOPEZ	Lopez Comm. Land Trust ²	Morgan Town	7				7					0
		Coho	7				7					0
		Innisfree	8				8					0
		Common Ground	11				11					0
		Common Field Apartments		2			2					0
		Tierra Verde	4				4					0
		Salish Way	3				3					0
		LCLT					0				33	33
	Diamond Mgt	Westview Apts ¹²		8	10		18					0
TOTAL			262	67	94	33	456	28	0	30	142	200

Table 5-21. Other Affordable Options - No Income Restrictions.

ISLAND	AGENCY OR OWNER	DEVELOPMENT	SINGLE FAMILY HOMES	MANUF. HOMES	MOBILE HOMES	RV HOOK UPS	LOW INCOMERENTAL APTS W/O SUBSIDY	LOW INCOME RENTAL APTS W SUBSIDY	SINGLE FAMILY HOMES UNDER DEVELOPMENT	TOTAL EXISTING OR UNDER DEVELOPMENT
SAN JUAN	The Oaks	The Oaks		78						78
	Harbor Ridge	Harbor Ridge Mobile Home Park			63	12				75
TOTAL			0	78	63	12	0	0	0	153

Notes for Table 5-21:

1. Qualifying residents must have incomes at or below 80 percent of Area Median Income (AMI).

80 percent of AMI - 2017:

1-Person Household	\$37,900
2-Person Household	\$43,300
3-Person Household	\$48,700
4-Person Household	\$54,100
5-Person Household	\$58,450
6-Person Household	\$62,800

2. Community Land Trust - Permanently Affordable nonprofit w/ resale restrictions for home ownership.
3. Homes For Islanders - Sweat Equity nonprofit, with or without resale restrictions for homeownership.
4. Friday Harbor Village - Property sold at public auction in 2015, extinguishing affordability requirements. Units go to market rate when vacated or in 2018, whichever is sooner.
5. Harborview - Affordability requirements set to expire in 2034. Eligible to expire in 2004 if USDA loan paid off.
6. Island Meadows - USDA loan repaid in 2012. Six long-term tenants paying income-based rent through USDA voucher program; as they vacate, units will go to market rate.
7. Islewood - Affordability requirements set to expire in 2039.
8. Rosewood - Affordability requirements set to expire in 2030.
9. Gerard Park - Senior & Disabled only. Affordability requirements set to expire 2044.
10. Surina Meadows - Affordability Requirements set to expire 2042.
11. Orcas Longhouse - nonprofit Senior & Disabled apartments. Affordability Requirements set to expire 2035.
12. Westview Apartments - Affordability Requirements set to expire 2040.

6.1 Matrix of State, Federal, and Private Housing Programs

Table 5-22. Matrix of State, Federal, and Private Housing Programs.

State Housing Programs	Populations Served								
Program	Service Workers	Empty Nesters	First Time Home Buyers	Elderly	Special Populations	Low Income	Homeless	Lenders	Owners/ Operators
Low Income Housing Tax Credits				X	X	X	X	X	X
Washington Housing Trust Fund				X	X	X	X	X	X
Housing Enhancement Grant Program				X	X	X	X	X	X
Washington State Operating & Maintenance				X	X	X	X		X
Housing Rehabilitation Grant Program	X	X		X		X			X
Home Repair and Rehabilitation HOME						X			X
Tenant Based Rental Assistance HOME					X	X			X
Washington State HomeChoice Program					X			X	
Washington Home Advantage Program									
House Key Rural Program			X					X	
Nonprofit Facilities Bond Program									X
Nonprofit Housing Bond Program									X
WA State Operating Assistance for Multi Family						X			x
Multifamily Housing						X			X

1 **Table 5-22. Matrix of State, Federal, and Private Housing Programs continued.**

Federal Housing Programs	Populations Served								
	Service Workers	Empty Nesters	First Time Home Buyers	Elderly	Special Populations	Low Income	Homeless	Lenders	Owners/ Operators
Rural Housing Loans Section 502						X			
Rural Housing Site/Self Help Loans Sec 523/524						X			X
Rural Rental Housing Loans Sec. 515				X	X		X		
Rural Rental Housing Loans Sec. 521						X			
Very Low Income Repair Loans/Grants Sec 504						X			
Rural Housing Preservation Grants Sec. 533						X			X
Rural Rental Housing Guaranteed Loans Sec. 538					X	X		X	
Mortgage Insurance Homes Sec. 203(b)	X	X	X	X				X	
Rehabilitation Mortgage Insurance Sec. 203(k)	X	X	X	X				X	
Manufactured Home Purchase Insure. (Title 1)	X	X	X	X				X	
Mortgage Ins. For Condo Projects Sec. 234(d)	X	X	X	X				X	
Mortgage Insurance COOP Projects Sec. 213	X	X	X	X				X	
Mortgage Insurance for Purchase of Condo's Sec.234 ©	X	X	X	X				X	
Mortgage Insurance Rental Housing Sec. 207	X	X	X	X				X	
Mortgage Insurance Rental/COOP Housing Sec. 221 (d)(3)				X	X	X		X	
Mortgage Insurance Rentals for Elderly Sec. 231				X				X	

2
3
4

1 **Table 5-22. Matrix of State, Federal, and Private Housing Programs continued.**

Supplemental Loan Ins. Multi family Rental Sec 241 (a)				X	X			X	
Mortgage Ins.for Purchase/Refi of Multi family Sec. 223(f)/207	X	X		X				X	
Mortgage Insure. Manufactured Home & Lot (Title 1)								X	
Mortgage Insure. Single Fam. COOP Sec. 203 (n)	X	X	X	X				X	
Mortgage Insure. Military Impacted Areas Sec 238 ©	X	X	X	X				X	
Mortgage Insure. For SRO's Sec. 221(d)					X	X			X
Supportive Housing for Elderly Sec. 202				X					X
Graduated Payment Mortgage Sec. 245 (9) (a)	X	X	X	X					
Operating Assistance for Multi family									X
Supportive Housing for Persons/Disabilities Sec. 811					X				X
Emergency Shelter Grants					X	X	X		X
Supportive Housing - Homeless					X	X	X		X
Shelter Plus Care					X	X	X		X
Home Investment Partnership Program HOME					X	X	X		X
Self Help Homeownership Opportunity Program	X	X	X			X			X
CDBG Section 108 Loan Guarantee	X	X	X	X	X	X			X
Teacher Next Door initiative					X				
Single Family Property Disposition	X	X	X	X	X	X			X
Dollar Home Sales	X	X	X	X	X	X	X		X
				X					X
Assisted Living Conversion of Multi Family Public and Indian Housing - Loan Guarantee	X		X	X		X			X
Specially Adapted Housing for Disabled Veterans					X				
Veterans Housing - Guaranteed and Insured Loans	X	X	X	X	X	X			
Veterans Housing Direct Loans for Disabled Vets					X				
Veterans Housing Manufactured Home Loans	X	X	X	X					
Transitional Living Program for Homeless Youth					X				

2

Private Housing Programs		Populations Served							
Program	Service Workers	Empty Nesters	First Time Home Buyers	Elderly	Special Populations	Low Income	Homeless	Lenders	Owners/ Operators
Impact Capital Predevelopment Loans						X			X
Community Investment Fund/ED Development Fund	X	X	X	X				X	
Home\$tart Program			X					X	
Multifamily Permanent Loans Special Needs				X	X				X
Tax Exempt Bonds for Housing Development	X	X	X	X					X
Community Land Trusts			X			X			
1st Time Buyers, Multi Family, Single Family	X	X	X	X				X	

3

4

RESOLUTION NO. 13 - 2017

**Resolution Adopting the San Juan County Affordable Housing Workgroup
Strategic Action Plan**

WHEREAS, accessible affordable housing concerns have been confronting San Juan County for many years;

WHEREAS, numerous studies and community forums have documented housing concerns for low and moderate income households countywide;

WHEREAS, in March 2016 the County authorized a workgroup to develop an Affordable Housing Strategic Action Plan;

WHEREAS, a workgroup was convened and included leaders in business, housing non-profits, the building community, school districts, Town of Friday Harbor, community action groups, and county staff;

WHEREAS, the workgroup held five meeting between March and November 2016, and developed a Strategic Action Plan that includes a vision, identified needs, strategies, actions, an implementation timeline, and measures to monitor success;

WHEREAS, on January 24, 2017 the County Council reviewed and provided input on the Strategic Action Plan; and

WHEREAS, on February 15, 2017 the Housing Bank Commission reviewed, provided input and recommended that the County Council adopt the San Juan County Affordable Housing Workgroup Strategic Action Plan

NOW, THEREFORE, BE IT RESOLVED by the County Council of San Juan County, state of Washington, as follows:

1. The San Juan County Affordable Housing Workgroup Strategic Action plan attached as Exhibit A is hereby adopted.
2. The San Juan County Housing Bank Commission will oversee and report annually to the County Council on the implementation status of the identified actions.

ADOPTED this 21ST day of MARCH 2017.

ATTEST: Clerk of the Council

COUNTY COUNCIL
SAN JUAN COUNTY, WASHINGTON

Ingrid Gabriel 3/27/2017
Ingrid Gabriel, Clerk Date

Rick Hughes
Rick Hughes, Chair
District 2

REVIEWED BY COUNTY MANAGER

Michael J. Thomas 3/22/17
Michael J. Thomas Date

Bill Watson
Bill Watson, Vice-Chair
District 1

RANDALL K. GAYLORD
APPROVED AS TO FORM ONLY

By: [Signature] 3/17/17
Date

Jamie Stephens
Jamie Stephens, Member
District 3

San Juan County
Affordable Housing Workgroup

Strategic Action Plan

March 10, 2017

Affordable Housing Workgroup Strategic Action Plan

Overview: Affordable housing issues have been confronting the county for many years with numerous studies and community forums documenting housing concerns for low and moderate income households countywide. Recent reports and studies include, but are not limited to: 2015 Washington State Housing Needs Assessment; Draft Housing Action Plan dated May 2011; Opportunity Council's Prosperity Project 2015, United Way ALICE Report 2015; and 2015 San Juan Island Community Foundation Needs Assessment.

In March 2016, the County Council authorized a Workgroup to develop an Affordable Housing Strategic Action Plan. The goal was to develop four to six prioritized actions to address the housing issues. Actions were to consider all areas including: regulatory, funding, infrastructure costs, and land costs.

The Workgroup held five meetings between March and November 2016 and developed the attached Strategic Action Plan. The Action Plan includes a Vision, Identified Housing Needs, three Strategies, sixteen Actions, an Implementation Timeline, and Measures to Monitor Success. The Workgroup prioritized the following five actions, however, the workgroup indicated all actions should be implemented within the identified timeframe:

1. Identify and recommend a local affordable housing funding measure.
2. Develop a capital account to be used to purchase existing units when available.
3. Expand home repair and weatherization programs.
4. Develop a public/private partnership program to build affordable housing units and explore using publicly owned land to construct units.
5. Regulate vacation rentals (e.g. yearly permit with fees, inspections, ensure lodging tax is collected, add an impact fee to be used for affordable housing).

Workgroup Members:

Bob Jarman - County Council	Richard Brown - Lopez Village Market
Duncan Wilson - Town Administrator	Greg Winter - Opportunity Council
Lisa Byers - OPAL Community Land Trust	Steve Hushebeck - Visitors Bureau & Town Council
Jacob Linnes - Island Market	Brent Snow - SJI School District Board
Jason Linnes - Island Market	Janet Brownell - OI School District Board
Sandy Bishop - Housing Bank Commission & Lopez Community Land Trust	Erica Shook - SJC Department of Community Development
Libbey Oswald - Kings Market	Mark Tompkins - SJC Health & Community Services
Peter Kilpatrick - Ravenhill Construction	

Affordable Housing Workgroup Strategic Action Plan

Vision: Twenty years ago the citizens of San Juan County created a vision for the future. It included the goal to “Foster a sense of neighborliness and community pride so that there is housing for people of all incomes.” Efforts to date have fallen short. Today there is a deficiency in our affordable housing supply. As a community we understand the importance of sustainable affordable housing. We envision healthy, safe housing options for all who live here, including those who work, whether seasonally or full-time, as well as those who are on fixed incomes.

Identified Housing Needs:

- **Number 1:** Long-term Rentals; Serving individuals making between \$15 - \$20/hour; Rent Range \$680 - \$940/month.
- **Number 2:** Long-term Rentals (studios & one-bedroom units); Serving individuals with limited or fixed incomes; Rent Range \$0 - \$680/month.
- **Number 3:** Long-term Rentals; Serving Individuals making over \$20/hour; Rent Range \$940 - \$2,000
- **Number 4:** Short-term, Reduced Amenity Housing (e.g. dorms, studios, shared occupancy); Serving Seasonal Temporary Worker; Rent Range \$400 - \$500/month
- **Number 5:** Homeownership; Price Range \$80,000 - \$275,000
- **Number 6:** Housing with Supportive Services (e.g. Transitional or Group Housing)

Strategy 1: Educate Public on the Availability and Affordability of Housing in San Juan County.

Actions¹:

- A. Develop Frequently Ask Question (FAQ) documents
- B. Develop buildable land analysis [R]
- C. Complete housing needs analysis [R]
- D. Develop and implement a community engagement plan [PW]

Strategy 2: Increase the Availability and Affordability of Housing Stock in San Juan County.

Actions:

- A. Identify and recommend a local affordable housing funding measure [F]
- B. Consider incentives for construction of accessory dwelling units (ADUs) for year-round rentals with third party monitoring (e.g., density bonuses, change land use designations to allow on smaller lots; change land use to allow to be built further from main house, on a separate septic system, etc.) [R]
- C. Reduce permit fees and prioritize plan review for affordable housing projects [PW and F]
- D. Regulate vacation rentals (e.g. yearly permit with fees, inspections, ensure lodging tax is collected, add an impact fee to be used for affordable housing) [R]

¹ Action Category Key: [R] – Regulatory [F] – Funding [PW] – Political Will [D] - Design

- E. County and/or Town be positioned to apply for Community Development Block Grants [F]
- F. Develop a public/private partnership program to build affordable housing units and explore using publicly owned land to construct units [D and PW]
- G. Explore incentives and financing plans with utility providers [F and PW]
- H. Provide density bonuses to property owners creating affordable multi-family units [R]
- I. Evaluate 'farm worker housing' provisions to expand its use [R]
- J. Explore use of lodging tax funds for seasonal worker housing [R and D]

Strategy 3: Maintain Existing Housing Stock that is Affordable.

Actions:

- A. Develop a capital account to be used to purchase existing units when available [F]
- B. Identify and recommend a local affordable housing funding measure [F]
- C. Expand home repair and weatherization programs for existing housing stock [F]

Prioritization of Actions:

The Strategic Action Plan contains sixteen (16) distinct actions aimed at increasing/maintaining the availability and affordability of housing stock in San Juan County. The actions range from educating the public to recommending a local affordable housing funding measure. With the number and range of actions the workgroup felt it was necessary to identify the top three to five actions. Actions designed to increase/maintain affordable housing stock were prioritized based upon the difficulty to implement versus the potential number of units that could be achieved. Actions contained under Strategy 1 were not included in the prioritization exercise as these actions are designed to educate the public and not specifically to increase the number of units.

Listed below are the top five prioritized actions. However, the workgroup expressed support for implementation of all actions within the identified timeframes.

1. Identify and recommend a local affordable housing funding measure.
2. Develop a capital account to be used to purchase existing units when available.
3. Expand home repair and weatherization programs.
4. Develop a public/private partnership program to build affordable housing units and explore using publicly owned land to construct units.
5. Regulate vacation rentals (e.g. yearly permit with fees, inspections, ensure lodging tax is collected, add an impact fee to be used for affordable housing).

Implementation Timeline:

Strategy 1: Educate Public on the Availability and Affordability of Housing in San Juan County.		
Action	Timeframe from adoption by County Council	Primary Owner
A. Develop FAQ Documents	1 month	H&CS
B. Develop buildable land analysis	6 months	DCD
C. Complete housing needs analysis	6 months	DCD
D. Develop and Implement a community engagement plan	3 months	H&CS/DCD
Strategy 2: Increase the Affordability and Availability of Housing Stock in San Juan County.		
Action	Timeframe	Primary Owner
A. Identify & recommend a local affordable housing funding measure	24 months	HBC / CC
B. Consider incentives for construction of accessory dwelling units for year-round rentals w/third party contracts	TBD (County Council)	DCD
C. Review fee structure for building permits; use of stock plans; reduction/waiver for affordable housing projects; prioritize plan review.	6 months	DCD
D. Regulate vacation rentals	6 months	DCD
E. Apply for Community Development Block Grants	As needed	H&CS
F. Develop a public/private partnership program to build affordable housing units and explore using publicly owned land to construct units	12 months	Town Administrator & County Manager
G. Explore incentives and financing plans with utility providers	12 months	Town, Lisa Byers & Sandy Bishop
H. Provide density bonuses to property owners creating affordable multi-family units	6 months 12 – 18 months	Town DCD
I. Evaluate 'farm worker housing' provisions to expand its use	12 months	DCD
J. Explore use of lodging tax funds for seasonal worker housing	18 months	County Manager
Strategy 3: Maintain Existing Housing Stock that is Affordable.		
Action	Timeframe	Primary Owner
A. Develop a capital account to be used to purchase existing units	24 months	HBC
B. Identify and recommend a local affordable housing funding measure	24 months	HBC / CC
C. Expand home repair and weatherization programs	24 months	HBC

H&CS – San Juan County Health & Community Services

DCD – San Juan County Department of Community Development

HBC – San Juan County Housing Bank Commission

CC – County Council

Monitoring Success

Strategy 1: Educate Public on the Availability and Affordability of Housing in San Juan County.			
Action	Primary Owner(s)	Measure(s)	
A. Develop FAQ Documents	H&CS	• FAQ document(s) • Documents posted on county website	
B. Develop buildable land analysis	DCD	• Completed buildable land analysis	
C. Complete housing needs analysis	DCD	• Completed housing needs analysis	
D. Develop and Implement a community engagement plan	H&CS/DCD	• Community Engagement plan developed • Plan implemented	
Strategy 2: Increase the Affordability and Availability of Housing Stock in San Juan County.			
Action	Primary Owner(s)	Measure(s)	
A. Identify & recommend a local affordable housing funding measure	HBC	• Funding measure identified • Funding measure place on ballot • Key messages developed • Funding measure approved by voters	
B. Consider incentives for construction of ADU's for year-round rentals w/third party contracts	DCD	• Review feasibility of third party monitoring contracts • Code language drafted • Code revision process initiated • Code language adopted	
C. Review fee structure for building permits; use of stock plans; reduction/waiver for affordable housing projects; prioritize plan review.	DCD	• Fee resolution adopted reducing fees for affordable housing projects • Plan review process revised to prioritize affordable housing projects	
D. Regulate vacation rentals	DCD	• Code language drafted • Code revision process initiated • Code language adopted	
E. Apply for Community Development Block Grants	H&CS	• Application submitted annually. • Block grant(s) obtained for housing projects	

F. Develop a public/private partnership program to build affordable housing units and explore using publicly owned land to construct units	Town Administrator & County Manager	- Develop public/private partnership - Identify location(s) - Negotiated terms - Build project
G. Explore incentives and financing plans with utility providers	Town, Lisa Byers & Sandy Bishop	- Utility incentives and financing plans identified - Utility providers implement incentives and/or financing plans
H. Provide density bonuses to property owners creating affordable multi-family units	Town & DCD	- Code language developed - Code revision process initiated - Code language adopted
I. Evaluate 'farm worker housing' provisions to expand its use	DCD	- Farm worker housing provisions evaluated - Farm worker housing provisions modified and/or if necessary code amendments drafted
J. Explore use of lodging tax funds for seasonal worker housing	County Manager	- Review applicable law to determine use of lodging tax funds - If allowable, create lodging tax fund account for seasonal worker housing - Use funds to develop seasonal worker housing
Strategy 3: Maintain Existing Housing Stock that is Affordable.		
	Primary Owner(s)	Measure(s)
A. Develop a capital account to be used to purchase existing units	HBC	- Capital Account created - Funds identified and place in account
B. Identify and recommend a local affordable housing funding measure	HBC	See measures under Strategy 2 A above
C. Expand home repair and weatherization programs	HBC	- Funds identified - Program expanded

COMPREHENSIVE PLAN

SECTION B, ELEMENT 5

HOUSING

June 2009

"The supply of affordable housing is adequate to meet the needs of our diverse population. . . There is housing for people of all incomes." From The San Juan County Vision Statement: Basic Human Needs and Land Use

ELEMENT 5

HOUSING

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See Appendix 5, Housing Needs Assessment for complete inventory, land availability and needs analysis.

5.1 INTRODUCTION

5.1.A Purpose

The purpose of the Housing Element is to identify and prioritize programs which advance a diversity of housing opportunities in the County. The Housing Element identifies housing needs in the county and establishes goals and policies to direct county actions to meet these needs. The element provides an opportunity to focus on the leadership role that local government can take to work cooperatively with all segments of the community in order to maintain and increase affordability within the context of protecting the public health, safety and welfare.

5.1.B Summary of Housing Needs

Appendix 5 in this *Plan* includes detailed information on the County's population and housing characteristics. Appendix 5 is the Housing Needs Assessment and provides the foundation for projections of housing units needed by all income groups. The Housing Needs Assessment provides information on income, employment, housing costs, and housing needs of all groups. The term 'need' in relation to housing units concerns both rental and owner occupied units throughout and does not necessarily assume the maintenance of the current ratios.

Table 5-A

San Juan County Population Projections			
2008	2015	2020	2025
16,100	19,150	20,857	22,513

Table 5-B

Area Median Income Household Groups per HUD Standards					
AMI Sectors	% of Income 2008 Income Limits For a Family of 4	% of SJC Households in 2000	# of SJC Households in 2008	# of SJC Households in 2025	# of new Households in 2025
Very Low Income	0 to 50% of Median 0-\$32,500	23%	1,714	2,397	683
Low Income	50% to 80% of Median \$32,500-\$52,000	16%	1,192	1,667	475
Moderate Income	80% to 95% of Median \$52,000-\$61,750	16%	1,192	1,667	475
Middle Income	95% to 120% of Median \$61,750-\$78,000	17%	1,267	1,771	504
Low Upper Income	120%-150% of Median \$78,000-\$97,500	13%	969	1,355	387
Sub Total		85%	6,334	8,857	2,524
Upper 150%	150%+ of Median \$97,500+	15%	1,118	1,563	445
Total		100%	7,452	10,420	2969

Table 5-C

Island	2008 Population	% Population By Island	2025 Population By Island	Pop Growth by Island	Total# New Housing Units	Housing units UGA
San Juan	5,232	33% 2008 - 30.5%-2025	6,866	1,634	703	
Friday Harbor	2,425	14% 2008- 17% 2025	3,827	1,402	703	703
Sub Total	7,657		10,693	3,036	1,406	
Orcas	5,073	31.5%	7,091	2,018	934	467
Lopez	2,495	15.5%	3,489	994	460	230
Shaw	257	1.6%	360	103	48	
Total ferry served island	15,368	96.1%	21,633	6,151	2,848	
Total Non Ferry Served	631	3.9%	878	247	126	
Total	16,100	100%	22,513	6,413	2,969	1,400

Nearly all estimates of the detailed characteristics of population and housing are based on scaling the information from the 2000 Census to current estimates of the County's total population and number of dwelling units, and follow the Office of Financial Management's Middle Range Population Projections. Estimates of housing need are based on a number of simplifying assumptions about people's financial resources and decisions about how they will meet their own housing needs. The assumption that the population is equally distributed in the average household size of 2.16 leads to the conclusion that there are currently only 7,454 households in the County. Due to the unique housing market, environment, and employment characteristics of San Juan County these estimates and assumptions must be considered with caution. It is clear; however, that if the County is to continue to provide a place to live and work for a wide variety of people, and to move toward a balanced, year-round economy in accordance with the Vision Statement and goals of the Land Use Element, the County must act to make provisions for the development of housing affordable to very-low to moderate-, middle-and low-upper income groups.

Housing Affordability

The U.S. Department of Housing and Urban Development (HUD) and the State of Washington have established 30 percent of gross household income expended for housing, including cost of basic utilities (including water, sewage disposal, electric power, and fuel or power for space heating and cooking, but not including telephone), as the amount considered affordable for all income groups.

Household income groups are defined as very low, low, moderate, middle and upper income by the relationship of their income to the median household income for the County. Household income groups are not differentiated by household size in the Census. Households with incomes up to 50 percent of the median income are classified as very low-income; households with 50 percent to 80 percent of the median income are classified as low-income. Moderate-income households are those with 80 percent to 95 percent of the median, and middle-income households are those with 95 percent to 120 percent of the County median. There are some households that fall into the HUD definition of Upper-Income, however they only earn between 120 percent and 150 percent of the AMI, a group that in San Juan County may be cost burdened by the price of housing. This group is referred to as low-upper-income households throughout. Upper-income households are those whose household income is greater than 150 percent of the median. (In the discussion below, unless the very low-income group is separately mentioned, "low-income households" is understood to include very low-income households.)

Table 5-15 in Appendix 5 shows the distribution of household incomes in San Juan County in 2008 based on the 2000 Census and HUD AMI categories. Table 5-16 shows the approximate number of households in the different AMI categories that pay 30+ percent of their gross income for housing. This table shows that 36 percent of the very-low and 48 percent of low-income households pay more than 30 percent for their housing. 72 percent of moderate- and middle-income households cannot find housing sufficient to meet their needs for less than 30+ percent of their gross income. The figures in Tables 5-15 and 5-16 show that there is a significant problem for very-low to middle-income households in finding affordable housing in the County.

HUD and the State of Washington define income limits for public housing and housing subsidy programs by household size. HUD income limits are established each year based on estimated median family income. Table 5-17 in Appendix 5 shows these income limits for the year 2008. Table 5-19 shows the maximum housing costs for each of these sectors that would be affordable. These tables provide a guide to the cost of housing that would be considered affordable to households in different income ranges. In evaluating specific projects, the applicable tables for the current year should be used.

Federal housing subsidy programs are only available to very low- and low-income families (0-80 percent of the AMI). Therefore housing strategies that emphasize support of subsidy programs operated by the state and federal governments address only the needs of these groups, and do not address affordability for other income groups.

Table 5-B above shows that approximately 23 percent of households in the County are classified as very low-income households. Approximately 16 percent are classified as low-income households, for a total of 39 percent low-and very low-income households.. Another 16 percent are classed as moderate-income households, 17 percent as middle-income households, and 13 percent low-upper-income households. The remaining 15 percent of households are considered upper-income. More recent data suggests that the percentage of upper income households in the County has increased since 2000.

Data on wages paid to workers in the County indicate that most households depending on locally-earned wages for their income would be expected to fall within the low- to middle-income categories, even if two wage earners contribute to household income.

Affordable housing for workers is critical if local businesses, professionals, schools, public agencies and other employers are to have a reliable source of experienced workers to provide the goods and services needed by island residents. Providing affordable housing is therefore important to meeting the County's goals for a dependable and balanced local economy. Information in the 2008 *Housing Needs Assessment* indicates that there is a continuing problem of housing affordability for these groups.

Existing affordable housing need is not solely a need for additional housing units to be constructed, but there is also a need to make existing units affordable for low- to middle-income households. These units can be made available by income supplements, by purchase of existing units and resale or rent at lower cost, as well as by construction of new units. It is reasonable to assume that at least some very low- and low-income households occupy substandard housing units, and that some additional housing available to low- and very low-income households should be constructed to meet the needs of these population groups.

Housing needs can be converted into annual housing construction and/or affordability targets for each income group based on the total of:

1. the number of units needed to address the additional housing needs resulting from each income group's share of **population growth**, plus
2. the number of units needed to **replace affordable housing units lost** from the affordable housing stock that year through demolition, price increases, or other conversion to non-affordable units,

Addressing Affordable Housing Need of Current Residents

Since the people in need of these homes already reside in the county, no additional dwelling units affordable to the very low and low-income groups need to be constructed to meet this need. Instead, existing housing may be made affordable by maintaining the subsidy for existing units, or by rehabilitating existing substandard units, or by providing vouchers that low-income families can use to supplement housing payments. By these methods, housing affordable to very low- and low-income households can be provided without additional housing construction.

Addressing Housing Need Resulting from Population Growth

Actual population growth should be used to determine need for development of additional housing. Population growth can vary substantially from year to year based on employment, construction and housing costs, and other factors. The projected population growth for the County to be used for planning purposes is defined by the State of Washington. The County is expecting 2,969 new households by 2025, or approximately 175 per year, the income characteristics of these households will largely depend on the availability of housing affordable to the variety of income groups.

Based on the increasingly out of date 2000 Census percentages, approximately 38 percent of all households were very low- and low-income households, and 16 percent were moderate-income households. Based on the assumption that 38 percent of the expected new households will be of very-low and low income, of the 175 units needed per year, 66 units of housing affordable to very low- and low-income households would be needed in the year 2009, with the number increasing slightly each year thereafter. 28 units would be needed for moderate-income households, and 30 units would be needed for middle-income households. The total number of units needed per year to meet the demand for housing affordable for the very low-, low-, moderate- and middle-income households will be approximately 124 units. An additional 51 units per year would be needed to meet the needs of new low- upper and upper-income households.

Additional affordable housing needs to be provided on each of the islands in proportion to growth in full-time population and employment.

The increased population will, by definition, increase the demand for a variety of social housing needs, such as domestic violence shelters, transitional housing, elderly care facilities, assisted living facilities, seasonal labor accommodations and others.

Addressing Housing Need from Loss of Existing Affordable Units, and Using Newly Affordable Units to Address Affordable Housing Needs

It is difficult to estimate the last two factors contributing to the stock of affordable housing, units lost to the affordable housing pool and units added to this pool by market factors. Based on current trends in land costs and the observed inability of low- and moderate-income households to find affordable housing, it is reasonable to assume that in the short term no net increase in the number of units affordable to low- and very low-income households will result from these two factors, and that at least a few additional affordable units will be needed each year to compensate for loss of such units as a result of market forces. Needs of moderate-income and middle-income households are much more likely to be met from filtering-down of housing units from middle and upper-income groups, and from conventional unsubsidized housing construction at densities at the higher end of the density ranges available in the County.

It is likely that workers currently nearing retirement age will cease working over the planning horizon and the housing units they currently own will not be available for those people who may take over their positions. This may exacerbate the need for low to middle income housing.

Based on all these factors, at least 124 additional housing, whether for purchase or rental units affordable to very -low, low-, moderate- and middle-income - households will be needed each year for a period of 17 years.

In addition, the County's projected population in 2025 reveals a lack sufficient numbers of working age people to fill the positions likely to be available in the county, which may mean that approximately 3,443 workers will need to commute into the county on a daily basis. The clearest method to reverse this trend is to support the construction of housing that is available at a variety of rental price points or affordable to first time home buyers.

Housing Affordability for Middle-Income Households

The 2000 Census identified a significant housing affordability problem for moderate and middle income households. Approximately, 879 households earning between \$61,750 and \$78,000, or 72% of those groups could not find suitable housing for 30% or less of their gross household income. Anecdotal evidence suggests that rental housing for households in these categories may be currently available; however that is likely to change over the planning period.

Updating of Housing Needs Assessment Based on Year 2010 Census

Because all these estimates are based on projections from the detailed population and housing profiles from the 2000 Census, it will be important to revise the *Housing Needs Assessment* as soon as the Year 2010 Census becomes available and if it indicates that there has been a substantial change in the proportion of households in any income group lacking affordable housing.

Accessory Dwelling Units (formerly, "Guest Houses")

The County's existing inventory of accessory dwelling units supplies housing units for some very low-, low-, moderate- and middle-income households. Outside of UGAs and Activity Centers, the construction of new ADUs is limited to a proportion of issued building permits per year, currently averaging about 10-12 per year. Over the planning period it is expected that a number of these units will provide housing affordable for some households, however, their size limitations and (often) desirable locations may encourage owners to pursue the vacation rental market.

Available Land for Housing

Analysis of the development patterns in the County indicates that there are currently approximately 15,794 parcels in the county of which just over 50 percent are developed. Additional development potential exists on some of the existing rural lots through subdivision, and a significant potential for single- and multi-family residential development exists in Eastsound, Lopez Village and Friday Harbor UGAs. Based on potential subdivisions under subdivision standards at currently permitted development density, a substantial number of additional parcels could be created in unincorporated areas of the County.

Efforts to minimize development in rural areas through downzoning, the purchase of conservation easements by the Land Bank, the desire of some owners not to divide their properties, the limitations imposed by critical habitats or environmental hazards, and other factors are expected to reduce the ultimate number of parcels that will be developed. Based on the ability to further subdivide, the County appears to have the capacity for approximately a further 8,935 housing units. Thus the County is far from exhausting the total land needed to meet the housing needs for all population groups. There are substantial limits on the ability to develop portions of this land for housing affordable to very-low to middle-income households.

Based on observed trends in assessed valuations and some anecdotal evidence presented at community meetings on housing issues, the housing market is currently acting to foreclose new opportunities for

households which depend on wage or salary incomes or otherwise fall into very low-, low-, moderate-, middle- and low-upper-income categories and to eliminate existing housing units that are available at affordable prices and rents to households in these income ranges. Although the 2000 Census showed that many low- and moderate-income households live throughout the County's rural areas, many of these people purchased their property at a time when land prices were low, and when there were many parcels available on which it was possible to locate a mobile home, manufactured home, or other small dwelling. Many of these residents could not afford to purchase their current home with their current income at today's prices.

The housing problem is compounded in San Juan County by the seasonal nature of a substantial share of the County's employment, the seasonal or occasional use of approximately 29 percent of the housing stock, and the dual character of the housing market. San Juan County's housing market includes an unusually large component meeting the needs for retirement and vacation homes for people with non-wage incomes and wealth substantially greater than the county median. Because of the relatively small total number of properties available for sale and development in the county at any one time, it takes only a small change in this specialized market to affect prices in the remainder of the housing market, which must meet the needs of those whose primary income is the wages they make from work in the County.

Available Land in Rural Areas

Historically, most available land for housing has been in the County's rural areas. Recent anecdotal information indicates an increasing trend toward gentrification of substantial areas of land in the County, particularly shoreline and water view properties. Price pressure from these changes has caused land prices in interior rural areas to increase as well.

Policy changes included in Year 2000 amendments to the *Comprehensive Plan* reduced the number of potential land divisions in order to preserve the rural character of rural and resource lands. These changes made land for housing scarcer and more expensive in rural areas. In the past, rural areas have provided a substantial share of the county's low- and moderate-income housing. As these properties are sold, current trends indicate that they will no longer be available to low-, moderate- and middle-income households. If the County is to preserve opportunities for low- moderate- and middle-income housing in rural areas, some special accommodation for low-, moderate- and middle -income housing in rural areas will be required. The rural residential cluster development concept proposed in the Housing Element policies has the potential to provide units in the rural lands potentially 12 new affordable housing units per year in rural lands, but is unlikely to meet even 10 percent of the identified need for new very-low, low-, moderate- and middle-income housing units.

The County's Village, Hamlet and Residential Activity centers provide some opportunity for low- and moderate-income housing; however, relatively few opportunities for further land division and development at densities conducive to affordable housing for these income groups remain even in these areas.

Available Land in Growth Areas

The urban growth area outside of the Town of Friday Harbor, and the County's two new urban growth areas, Eastsound and Lopez Village, are the most promising locations in the unincorporated area for the remainder of the low and moderate-income housing needed unless a new fully contained community is created in the County. Sufficient land exists in these three UGAs to meet 50% of the housing needs of the population growth attributed to their respective islands. The ability to expand water and sewer service in these areas places constraints on the number of new units that can be constructed in these growth areas. A change to bond-funded utility construction is likely to be required, and major investments programmed, before these growth areas will be able to accommodate estimated development in an orderly manner.

It is clear that without intervention including housing subsidies, the conventional housing market is unable to fully meet the need for decent and safe housing for all the existing or projected very-low, low-,

moderate- and middle-income population. During the planning period, the affordability problem is most likely to increase for all sections of the very low-, low-, moderate-, middle- and low-upper -income sectors.

Success of Past Efforts

The County's policy of supporting non-profit groups developing affordable housing projects has resulted in the development of some exemplary projects over the past 20 years. The number of units produced through these efforts; however, has been much less than needed to meet the needs of even 10 percent of the current population that has not found affordable housing.

Federal and State Affordable Housing Funding Programs

Federal and state affordable housing programs provide funds to build affordable housing, to supplement income of families who cannot find affordable rental housing in the conventional housing market, and to write down loans for purchase of housing. The federal or state funds are normally used to make up the difference between what the housing costs to develop, and what the occupants of the housing can afford to pay, typically based on 30 percent of their gross income from all sources. Subsidies for housing are provided through such devices as the mortgage interest income tax deduction, tax credits for those financing affordable housing, direct payments to organizations constructing or managing affordable housing, provision of housing vouchers to low-income tenants, and a variety of other methods. Community Development Block Grant funding can be used with substantial local flexibility to provide land or infrastructure for housing, or to provide grants or loans for housing rehabilitation. A number of the specific programs that are or could be made available in San Juan County are described in the *Housing Needs Assessment*.

Most aid programs that involve construction of housing require at least some matching funds from a local agency such as a local government, local housing authority or other local source. If the County can establish a permanent funding source dedicated to affordable housing, the County can increase, potentially by a substantial amount, the amount of housing provided in the County by housing providers.

Ability of Housing Policies and Programs to Meet Housing Needs

By building on the example of these past efforts, and increasing the level of effort through additional funding targeted specifically at very-low, low-, moderate-, middle-, and low-upper-income housing, the County expects to encourage and support the construction of a number of housing units over the next decade that are affordable to very-low, low-, moderate-, middle- and low-upper-income groups.

However, a number of major obstacles remain that indicate that the programs and policies identified will not be able to meet 100 percent of the identified need for very -low, low-, moderate-, middle- and low-upper- income housing. These obstacles include:

- There is a large existing shortage of affordable units for very -low to middle-income households, represented by the estimated 2,078 households in these categories who currently pay more than 30 percent of their income for housing. Meeting this need alone far exceeds the resources that might be available to the County over the next 17 years.
- Projected growth will mean that approximately a minimum of 124 very -low, low-, moderate- and middle-income households will be added to the County's population each year for the next 17 years, adding to the existing need.
- The legal authority for mandatory inclusionary zoning that requires a specific percentage of affordable units in projects with in-lieu fees for those not providing affordable housing is not well established in Washington because of the small number of jurisdictions with such requirements. Inclusionary zoning has limited applicability in San Juan County because of the small size of most

projects, and the fact that most subdivisions are for lot sales rather than for speculative construction by developers or builders.

- The continuing strong demand for property in the County, based on the high perceived quality of life, and the appeal of the islands as a vacation and seasonal housing area, increases land values to the point that the gap between cost of new housing and ability to pay for very-low, low-, moderate-, middle- and low-upper-income households is almost unbridgeable.
- The reduction in potential development density in rural lands, combined with increasing demand for vacation and retirement homes, substantially increased housing prices approximately 125 percent since 2000 and has reduced the ability of very-low, low-, moderate- and middle-income households to locate in rural areas of the County.

Projecting data from the past several years to 2025, the Housing Needs Assessment found that there is and will be a need in San Juan County for:

1. additional affordable, permanent rental housing;
2. additional affordable permanent owner occupied housing;
3. rehabilitation assistance for substandard housing and conservation of existing low- and moderate-income housing;
4. additional “safe houses” or shelters for victims of domestic violence;
5. housing for the chronically mentally ill;
6. an emergency shelter(s) and transitional housing;
7. housing for seasonal workers;
8. assistance with new home purchase or construction; and
9. assisted living homes.

5.2 OBJECTIVES, GOALS AND POLICIES

5.2.A Objectives

Objectives: (5.2.A 1-4)

1. To make adequate provision for a variety of housing choices in terms of type, cost, size, design, and suitability for various households including families, the elderly, the disabled, and housing for very low-, low-, moderate-, middle- and low-upper-income households while recognizing the unique physical, social, and economic environment of the islands.
2. Maintain the demographic variety of our community by supporting the availability of housing for the very low-, low-, moderate-, middle- and low-upper-income earners in the County.
3. Reinforce where possible and establish where necessary a continuum of care for people with special needs in UGAs and Activity Centers, including emergency housing, transitional housing, assisted living, group homes, senior housing, and very low-income housing.

4. In conjunction with the Town of Friday Harbor, promote the provision of an adequate supply of housing through interjurisdictional and private-public efforts.

5.2.B Housing Goals

Goals: (5.2.B 1-5)

1. To provide a geographical and regulatory opportunity for the annual construction of the minimum number of needed housing units affordable to very low-, low-, moderate- and middle-income households.
2. To encourage the ongoing maintenance and rehabilitation of existing affordable units and currently substandard units.
3. To encourage the development of mixed income neighborhoods within municipal and non-municipal UGA's and Activity Centers.
4. To encourage the development of densely populated mixed-use districts within the County's UGAs.
5. To encourage the orderly development of required capital facilities and capital facility planning.

5.2.C General Housing Policies

Purpose:

To ensure that housing may be developed within a regulatory environment marked by clearly written standards and easily understood expectations backed by an effective, rigorous but adaptable enforcement code.

Policies: (5.2.C 1-9)

1. Promote fair and equal access to housing opportunities for all persons.
2. Ensure that County policies, codes, and regulations do not restrict, prohibit or substantially increase the cost of establishing a variety of housing types including, but not limited to, government assisted housing, housing for low-income families, manufactured housing, multi-family housing, and group homes and foster care facilities; or impede the goals, policies and objectives of this Housing Element.
3. In accordance with the Federal Fair Housing Act, ensure that regulations for residential development do not preclude the siting of household facilities and shelters for special needs populations such as the developmentally disabled, mentally ill, victims of domestic violence, and the elderly.
4. Identify and assess the condition of and facilitate the rehabilitation of existing substandard housing.
5. Provide the most up to date information on critical environmental areas and natural resource lands to identify potential land development constraints.
6. Identify and address potential mitigation for critical area impacts as early in the permitting process as possible.
7. Refine permitting processes and identify methods to minimize delays in the development process.

8. Research the creation of an impact fee program to fairly offset the cost of new public facilities needed by each new housing unit or business.
9. Encourage and support greater opportunity for the development of innovative housing types, such as residential units in mixed use developments, single family attached, duplexes, triplexes, apartment buildings and multi-care facilities. Encourage clustering in UGAs and Activity Centers.

5.2.D Policies for Affordable Housing

Purpose:

To ensure that housing is affordable to all income groups through programs targeted at specific income groups or groups with special needs for whom the conventional housing market is unable to deliver sufficient suitable housing to meet the needs of the very-low, low-, moderate- and middle-income population at affordable prices or rents.

Policies (5.2.D.1-25):

1. In order to support affordable housing development, provide, as appropriate, for the sale or lease of appropriate County-owned land for permanently affordable housing development. The County will evaluate the full scope of such development proposals for their ability to meet County objectives.
2. Carry out a study within 24 months of Comprehensive Plan Update adoption to examine the viability of appropriate public land for affordable housing.
3. Actively pursue the County's role in the provision of affordable housing by further studying the potential benefits and harms of a joint San Juan County and Friday Harbor Housing Authority and to offer support for non profit and for profit housing providers.
4. Evaluate and implement, as appropriate, delivery of affordable housing programs through contracting with neighboring jurisdiction's housing authorities, emphasizing programs which require current residency, and local employment.
5. Study the potential of a permanent, voter approved, funding mechanism for Affordable Housing such as levy lid lift, Real Estate Excise tax or through some other means such as impact fees, property taxes, recording fees and revenue bonds.
6. Review, within 24 months of the adoption of this update, all development regulations for UGAs to ensure the regulations that enhance and encourage creation of denser, walking centered communities.
7. Study the possibility of developing 'inclusionary zoning' in some areas of the UGAs.
8. Encourage the development or rehabilitation and adaptation of housing that is responsive to the physical needs of special needs populations such as enhanced building and site plan requirements that emphasize accessibility.
9. Revise and adopt, within 24 months of adoption of this Comprehensive Plan Update, a definition for Short-Term, Long-Term and Permanent-Affordability with corresponding benefits and restrictions determined by housing type.
10. Recognize the importance to low and moderate-income households of housing support services, and support the delivery by County agencies and appropriate non-profit organizations of such

programs as emergency assistance, loan counseling, landlord tenant counseling, and credit counseling, to improve the ability of these households to obtain and retain housing.

11. Prioritize programs and projects, when considering funding, that ensure permanently affordable housing, such as through non-profit ownership; or permanent funding sources, such as revolving loan funds.
12. Encourage and support the development and enhancement of utility systems in urban growth areas, Village, Hamlet, MPRs and Residential Activity Centers where appropriate and necessary to eliminate obstacles to development of affordable housing. Such support may include use of housing funds or block grant funds for technical and management assistance, or for construction of facilities.
13. Expand the existing tiered density bonus program to provide further incentives for creating affordable housing. This program includes standards for innovative site planning techniques which minimize road, sewer, water, and other infrastructure costs, and standards to limit adverse impacts of additional density on adjacent properties and uses. This program should also entail a determination of increased densities necessary to make multifamily housing units profitable.
14. Provide opportunities and support for specific standards for locating seasonal and year-round worker housing such as dorms, bunkhouses, hostels, group homes, and other communal living arrangements. Standards should include compliance with all public health codes and measures to mitigate significant negative external impacts these facilities may have on adjacent properties.
15. Provide for a limited number of small-scale rural residential cluster developments of no more than twelve dwelling units each within rural lands, and Village, Hamlet and Residential Activity Centers, where allowed, excluding Resource, Natural and Conservancy designated lands. Establish conditions regarding the allowable number, appropriate location, size, design, spacing, ownership, affordability, and permitted accessory uses in such clusters to ensure that such developments do not adversely affect the rural, natural and agricultural character of these areas.
16. Identify sending and receiving districts of specified development rights as a precursor to the consideration of the creation of a Transfer of Development Rights (TDR) program. When such a program is adopted by the County, support projects and programs that transfer acquired development rights to identified receiving properties for the creation of affordable housing.
17. Develop programs and facilitate collaboration among all the different not-for-profit affordable housing developers to encourage and enhance the conservation of existing decent and safe affordable housing units, including conventional single-family and multi-family housing, manufactured housing, mobile home units, and mobile home parks.
18. Utilize state, federal, and local housing resources and grant programs to the maximum extent possible consistent with the goals and policies of this element.
19. Continue the owner-builder permit program and work to improve the flexibility of this program to enable citizens to construct their own homes.
20. Continue to work with the Washington Department of Revenue to ensure that permanently affordable housing units are assessed at, and are taxed, according to their restricted resale value.
21. Encourage the design, construction and maintenance of quality affordable rental units to serve long term residents of various family sizes and income levels.
22. Provide incentives and guidelines for efficient development patterns that preserve and enhance scenic open space, reduce sprawl and encourage development in activity centers through

innovative site planning techniques which minimize road, sewer, water, and other infrastructure costs. Provide standards for cluster developments, small lots and small lot districts, manufactured housing, and planned unit developments.

23. Improve the quality and availability of the County's information on the need for and supply of affordable housing and other housing trends by type, size and location by improving permit intake records and procedures.
24. Allow and encourage the rental of accessory dwelling units on a long-term basis to provide opportunity for affordable housing.
25. Monitor the availability and cost of housing in the County annually to determine if additional public action is necessary to ensure housing affordability for middle-income households. To the extent that a need is identified for affordable middle-income housing which cannot be met in the private housing market, extend affordable housing programs to include middle-income households by expanding the definition of those who qualify for affordable housing to include households with up to 150% of the area's median household income.

PDF **WAC 197-11-800****Categorical exemptions.**

The proposed actions contained in Part Nine are categorically exempt from threshold determination and EIS requirements, subject to the rules and limitations on categorical exemptions contained in WAC 197-11-305.

Note: The statutory exemptions contained in chapter 43.21C RCW are not included in Part Nine. Chapter 43.21C RCW should be reviewed in determining whether a proposed action not listed as categorically exempt in Part Nine is exempt by statute from threshold determination and EIS requirements.

(1) Minor new construction - Flexible thresholds.

(a) The exemptions in this subsection apply to all licenses required to undertake the construction in question. To be exempt under this subsection, the project must be equal to or smaller than the exempt level. For a specific proposal, the exempt level in (b) of this subsection shall control, unless the city/county in which the project is located establishes an exempt level under (c) of this subsection. If the proposal is located in more than one city/county, the lower of the agencies' adopted levels shall control, regardless of which agency is the lead agency. The exemptions in this subsection apply except when the project:

- (i) Is undertaken wholly or partly on lands covered by water;
- (ii) Requires a license governing discharges to water that is not exempt under RCW

43.21C.0383;

(iii) Requires a license governing emissions to air that is not exempt under RCW 43.21C.0381 or WAC 197-11-800 (7) or (8); or

(iv) Requires a land use decision that is not exempt under WAC 197-11-800(6).

(b) The following types of construction shall be exempt:

(i) The construction or location of four detached single family residential units.

(ii) The construction or location of four multifamily residential units.

(iii) The construction of a barn, loafing shed, farm equipment storage building, produce storage or packing structure, or similar agricultural structure, covering 10,000 square feet, and to be used only by the property owner or his or her agent in the conduct of farming the property. This exemption shall not apply to feed lots.

(iv) The construction of an office, school, commercial, recreational, service or storage building with 4,000 square feet of gross floor area, and with associated parking facilities designed for twenty automobiles. This exemption includes parking lots for twenty or fewer automobiles not associated with a structure.

(v) Any fill or excavation of 100 cubic yards throughout the total lifetime of the fill or excavation and any excavation, fill or grading necessary for an exempt project in (i), (ii), (iii), or (iv) of this subsection shall be exempt.

(c) Cities, towns or counties may raise the exempt levels up to the maximum specified in (d) of this subsection by implementing ordinance or resolution. Such levels shall be specified in the agency's SEPA procedures (WAC 197-11-904). Separate maximum optional thresholds are established in (d) of this subsection applying to both incorporated areas and unincorporated urban growth areas in fully planning jurisdictions under RCW 36.70A.040; other unincorporated areas in fully planning counties; and jurisdictions in all other counties. Agencies may adopt the maximum level or a level between the minimum and maximum level. An agency may adopt a system of several exempt levels, such as different levels for different geographic areas, and mixed use projects.

At a minimum, the following process shall be met in order to raise the exempt levels.

(i) Documentation that the requirements for environmental analysis, protection and mitigation for impacts to elements of the environment (listed in WAC 197-11-444) have been adequately addressed for

the development exempted. The requirements may be addressed in specific adopted development regulations, and applicable state and federal regulations.

(ii) Description in the findings or other appropriate section of the adopting ordinance or resolution of the locally established notice and comment opportunities for the public, affected tribes, and agencies regarding permitting of development projects included in these increased exemption levels.

(iii) Before adopting the ordinance or resolution containing the proposed new exemption levels, the agency shall provide a minimum of sixty days notice to affected tribes, agencies with expertise, affected jurisdictions, the department of ecology, and the public and provide an opportunity for comment.

(iv) The city, town, or county must document how specific adopted development regulations and applicable state and federal laws provide adequate protections for cultural and historic resources when exemption levels are raised. The requirements for notice and opportunity to comment for the public, affected tribes, and agencies in (c)(i) and (ii) of this subsection and the requirements for protection and mitigation in (c)(i) of this subsection must be specifically documented. The local ordinance or resolution shall include, but not be limited to, the following:

- Use of available data and other project review tools regarding known and likely cultural and historic resources, such as inventories and predictive models provided by the Washington department of archaeology and historic preservation, other agencies, and tribal governments.

- Planning and permitting processes that ensure compliance with applicable laws including chapters **27.44**, 27.53, 68.50, and **68.60** RCW.

- Local development regulations that include at minimum preproject cultural resource review where warranted, and standard inadvertent discovery language (SIDL) for all projects.

(d) The maximum exemption levels applicable to (c) of this subsection are:

Project types	Fully planning GMA counties		All other counties
	Incorporated and unincorporated UGA	Other unincorporated areas	Incorporated and unincorporated areas
Single family residential	30 units	20 units	20 units
Multifamily residential	60 units	25 units	25 units
Barn, loafing shed, farm equipment storage, produce storage or packing structure	40,000 square feet	40,000 square feet	40,000 square feet
Office, school, commercial, recreational, service, storage building, parking facilities	30,000 square feet and 90 parking spaces	12,000 square feet and 40 parking spaces	12,000 square feet and 40 parking spaces
Fill or excavation	1,000 cubic yards	1,000 cubic yards	1,000 cubic yards

(2) **Other minor new construction.**

(a) The exemptions in this subsection apply to all licenses required to undertake the following types of proposals except when the project:

(i) Is undertaken wholly or partly on lands covered by water;

(ii) Requires a license governing discharges to water that is not exempt under RCW

43.21C.0383;

(iii) Requires a license governing emissions to air that is not exempt under RCW **43.21C.0381** or WAC 197-11-800 (7) or (8); or

(iv) Requires a land use decision that is not exempt under WAC 197-11-800(6).

(b) The construction or designation of bus stops, loading zones, shelters, access facilities, pull-out lanes for taxicabs, transit and school vehicles, and designation of transit only lanes.

(c) The construction or installation of commercial on-premise signs, and public signs and signals, including those for traffic control and wayfinding.

(d) The construction or installation of minor road and street improvements by any agency or private party that include the following:

(i) Safety structures and equipment: Such as pavement marking, adding or removing turn restrictions, speed limit designation, physical measures to reduce motor vehicle traffic speed or volume, freeway surveillance and control systems, railroad protective devices (not including grade-separated crossings), grooving, glare screen, safety barriers, energy attenuators;

(ii) Transportation corridor landscaping (including the application of state of Washington approved herbicides by licensed personnel for right of way weed control as long as this is not within watersheds controlled for the purpose of drinking water quality;

(iii) Temporary traffic controls and detours;

(iv) Correction of substandard curves and intersections within existing rights of way, widening of a highway by less than a single lane width where capacity is not significantly increased and no new right of way is required;

(v) Adding auxiliary lanes for localized purposes, (weaving, climbing, speed change, etc.), where capacity is not significantly increased and no new right of way is required;

(vi) Channelization, rechannelization, elimination of sight restrictions at intersections, street lighting, guard rails and barricade installation;

(vii) Installation of catch basins and culverts for the purposes of road and street improvements;

(viii) Reconstruction of existing roadbed (existing curb-to-curb in urban locations), including adding or widening of shoulders where capacity is not increased and no new right of way is required;

(ix) Addition of bicycle lanes, paths and facilities, and pedestrian walks and paths including sidewalk extensions, but not including additional automobile lanes.

(e) Grading, excavating, filling, septic tank installations, and landscaping necessary for any building or facility exempted by subsections (1) and (2) of this section, as well as fencing and the construction of small structures and minor facilities accessory thereto.

(f) Additions or modifications to or replacement of any building or facility exempted by subsections (1) and (2) of this section when such addition, modification or replacement will not change the character of the building or facility in a way that would remove it from an exempt class.

(g) The demolition of any structure or facility, the construction of which would be exempted by subsections (1) and (2) of this section, except for structures or facilities with recognized historical significance such as listing in a historic register.

(h) The installation or removal of impervious underground or above-ground tanks, having a total capacity of 10,000 gallons or less except on agricultural and industrial lands. On agricultural and industrial lands, the installation or removal of impervious underground or above-ground tanks, having a total capacity of 60,000 gallons or less.

(i) The vacation of streets or roads, converting public right of way, and other changes in motor vehicle access.

(j) The installation of hydrological measuring devices, regardless of whether or not on lands covered by water.

(k) The installation of any property, boundary or survey marker, other than fences, regardless of whether or not on lands covered by water.

(l) The installation of accessory solar energy generation equipment on or attached to existing structures and facilities whereby the existing footprint and size of the building is not increased.

(3) Repair, remodeling and maintenance activities. The following activities shall be categorically exempt: The repair, remodeling, maintenance, or minor alteration of existing private or public structures, facilities or equipment, including utilities, recreation, and transportation facilities involving no material expansions or changes in use beyond that previously existing; except that, where undertaken wholly or in part on lands covered by water, only minor repair or replacement of structures may be exempt (examples include repair or replacement of piling, ramps, floats, or mooring buoys, or minor repair, alteration, or maintenance of docks). The following maintenance activities shall not be considered exempt under this subsection:

(a) Dredging of over fifty cubic yards of material;

(b) Reconstruction or maintenance of groins and similar shoreline protection structures;

(c) Replacement of utility cables that must be buried under the surface of the bedlands; or
(d) Repair/rebuilding of major dams, dikes, and reservoirs shall also not be considered exempt under this subsection.

(4) **Water rights.** Appropriations of one cubic foot per second or less of surface water, or of 2,250 gallons per minute or less of groundwater, for any purpose. The exemption covering not only the permit to appropriate water, but also any hydraulics permit, shoreline permit or building permit required for a normal diversion or intake structure, well and pumphouse reasonably necessary to accomplish the exempted appropriation, and including any activities relating to construction of a distribution system solely for any exempted appropriation.

(5) **Purchase or sale of real property.** The following real property transactions by an agency shall be exempt:

(a) The purchase or acquisition of any right to real property.

(b) The sale, transfer or exchange of any publicly owned real property, but only if the property is not subject to a specifically designated and authorized public use established by the public landowner and used by the public for that purpose.

(c) Leasing, granting an easement for, or otherwise authorizing the use of real property when the property use will remain essentially the same as the existing use for the term of the agreement, or when the use under the lease, easement or other authorization is otherwise exempted by this chapter.

(6) **Land use decisions.** The following land use decisions shall be exempt:

(a) Land use decisions for exempt projects, except that rezones must comply with (c) of this subsection.

(b) Other land use decisions not qualified for exemption under subsection (a) (such as a home occupation or change of use) are exempt provided:

(i) The authorized activities will be conducted within an existing building or facility qualifying for exemption under WAC 197-11-800 (1) and (2); and

(ii) The activities will not change the character of the building or facility in a way that would remove it from an exempt class.

(c) Where an exempt project requires a rezone, the rezone is exempt only if:

(i) The project is in an urban growth area in a city or county planning under RCW 36.70A.040;

(ii) The proposed rezone is consistent with and does not require an amendment to the comprehensive plan; and

(iii) The applicable comprehensive plan was previously subjected to environmental review and analysis through an EIS under the requirements of this chapter prior to adoption; and the EIS adequately addressed the environmental impacts of the rezone.

(d) Except upon lands covered by water, the approval of short plats or short subdivisions pursuant to the procedures required by RCW 58.17.060, and short plats or short subdivisions within the original short subdivision boundaries provided the cumulative divisions do not exceed the total lots allowed to be created under RCW 58.17.020. This exemption includes binding site plans authorized by RCW 58.17.035 up to the same number of lots allowed by the jurisdiction as a short subdivision.

(e) Granting of variance based on special circumstances, not including economic hardship, applicable to the subject property, such as size, shape, topography, location or surroundings and not resulting in any change in land use or density.

(f) Alteration of property lines as authorized by RCW 58.17.040(6).

(7) **Open burning.** Opening burning and the issuance of any license for open burning shall be exempt. The adoption of plans, programs, objectives or regulations by any agency incorporating general standards respecting open burning shall not be exempt.

(8) **Clean Air Act.** The granting of variances under RCW 70.94.181 extending applicable air pollution control requirements for one year or less shall be exempt.

(9) **Water quality certifications.** The granting or denial of water quality certifications under the Federal Clean Water Act (Federal Water Pollution Control Act amendments of 1972, 33 U.S.C. 1341) shall be exempt.

(10) **Activities of the state legislature.** All actions of the state legislature are exempted.

(11) **Judicial activity.** The following shall be exempt:

(a) All adjudicatory actions of the judicial branch.

(b) Any quasi-judicial action of any agency if such action consists of the review of a prior administrative or legislative decision. Decisions resulting from contested cases or other hearing processes conducted prior to the first decision on a proposal or upon any application for a rezoning, conditional use permit or other similar permit not otherwise exempted by this chapter, are not exempted by this subsection.

(12) **Enforcement and inspections.** The following enforcement and inspection activities shall be exempt:

(a) All actions, including administrative orders and penalties, undertaken to enforce a statute, regulation, ordinance, resolution or prior decision. No license shall be considered exempt by virtue of this subsection; nor shall the adoption of any ordinance, regulation or resolution be considered exempt by virtue of this subsection.

(b) All inspections conducted by an agency of either private or public property for any purpose.

(c) All activities of fire departments and law enforcement agencies except physical construction activity.

(d) Any action undertaken by an agency to abate a nuisance or to abate, remove or otherwise cure any hazard to public health or safety. The application of pesticides and chemicals is not exempted by this subsection but may be exempted elsewhere in these guidelines. No license or adoption of any ordinance, regulation or resolution shall be considered exempt by virtue of this subsection.

(e) Any suspension or revocation of a license for any purpose.

(13) **Business and other regulatory licenses.** The following business and other regulatory licenses are exempt:

(a) All licenses to undertake an occupation, trade or profession.

(b) All licenses required under electrical, fire, plumbing, heating, mechanical, and safety codes and regulations, but not including building permits.

(c) All licenses to operate or engage in amusement devices and rides and entertainment activities including, but not limited to, cabarets, carnivals, circuses and other traveling shows, dances, music machines, golf courses, and theaters, including approval of the use of public facilities for temporary civic celebrations, but not including licenses or permits required for permanent construction of any of the above.

(d) All licenses to operate or engage in charitable or retail sales and service activities including, but not limited to, peddlers, solicitors, second hand shops, pawnbrokers, vehicle and housing rental agencies, tobacco sellers, close out and special sales, fireworks, massage parlors, public garages and parking lots, and used automobile dealers.

(e) All licenses for private security services including, but not limited to, detective agencies, merchant and/or residential patrol agencies, burglar and/or fire alarm dealers, guard dogs, locksmiths, and bail bond services.

(f) All licenses for vehicles for-hire and other vehicle related activities including, but not limited to, taxicabs, ambulances, and tow trucks: Provided, That regulation of common carriers by the utilities and transportation commission shall not be considered exempt under this subsection.

(g) All licenses for food or drink services, sales, and distribution including, but not limited to, restaurants, liquor, and meat.

(h) All animal control licenses including, but not limited to, pets, kennels, and pet shops. Establishment or construction of such a facility shall not be considered exempt by this subsection.

(i) The renewal or reissuance of a license regulating any present activity or structure so long as no material changes are involved.

(14) **Activities of agencies.** The following administrative, fiscal and personnel activities of agencies shall be exempt:

(a) The procurement and distribution of general supplies, equipment and services authorized or necessitated by previously approved functions or programs.

(b) The assessment and collection of taxes.

(c) The adoption of all budgets and agency requests for appropriation: Provided, That if such adoption includes a final agency decision to undertake a major action, that portion of the budget is not exempted by this subsection.

(d) The borrowing of funds, issuance of bonds, or applying for a grant and related financing agreements and approvals.

(e) The review and payment of vouchers and claims.

(f) The establishment and collection of liens and service billings.

(g) All personnel actions, including hiring, terminations, appointments, promotions, allocations of positions, and expansions or reductions in force.

(h) All agency organization, reorganization, internal operational planning or coordination of plans or functions.

(i) Adoptions or approvals of utility, transportation and solid waste disposal rates.

(j) The activities of school districts pursuant to desegregation plans or programs; however, construction of real property transactions or the adoption of any policy, plan or program for such construction of real property transaction shall not be considered exempt under this subsection.

(k) Classification of land for current use taxation under chapter 84.34 RCW, and classification and grading of forest land under chapter 84.33 RCW.

(15) **Financial assistance grants.** The approval of grants or loans by one agency to another shall be exempt, although an agency may at its option require compliance with SEPA prior to making a grant or loan for design or construction of a project. This exemption includes agencies taking nonproject actions that are necessary to apply for federal or other financial assistance.

(16) **Local improvement districts and special purpose districts.** The formation of local improvement districts and special purpose districts, unless such formation constitutes a final agency decision to undertake construction of a structure or facility not exempted under WAC 197-11-800 and 197-11-880. A special district or special purpose district is a local government entity designated by the Revised Code of Washington (RCW) and is not a city, town, township, or county.

(17) **Information collection and research.** Basic data collection, research, resource evaluation, requests for proposals (RFPs), and the conceptual planning of proposals shall be exempt. These may be strictly for information-gathering, or as part of a study leading to a proposal that has not yet been approved, adopted or funded; this exemption does not include any agency action that commits the agency to proceed with such a proposal. (Also see WAC 197-11-070.)

(18) **Acceptance of filings.** The acceptance by an agency of any document or thing required or authorized by law to be filed with the agency and for which the agency has no discretionary power to refuse acceptance shall be exempt. No license shall be considered exempt by virtue of this subsection.

(19) **Procedural actions.** The proposal, amendment or adoption of legislation, rules, regulations, resolutions or ordinances, or of any plan or program shall be exempt if they are:

(a) Relating solely to governmental procedures, and containing no substantive standards respecting use or modification of the environment.

(b) Text amendments resulting in no substantive changes respecting use or modification of the environment.

(c) Agency SEPA procedures.

(20) **Reserved.**

(21) **Adoption of noise ordinances.** The adoption by counties/cities of resolutions, ordinances, rules or regulations concerned with the control of noise which do not differ from regulations adopted by the department of ecology under chapter 70.107 RCW. When a county/city proposes a noise resolution, ordinance, rule or regulation, a portion of which differs from the applicable state regulations, SEPA compliance may be limited to those items which differ from state regulations.

(22) **Review and comment actions.** Any activity where one agency reviews or comments upon the actions of another agency or another department within an agency shall be exempt.

(23) **Utilities.** The utility-related actions listed below shall be exempt, except for installation, construction, or alteration on lands covered by water. The exemption includes installation and construction, relocation when required by other governmental bodies, repair, replacement, maintenance, operation or alteration that does not change the action from an exempt class.

(a) All communications lines, including cable TV, but not including communication towers or relay stations.

(b) All stormwater, water and sewer facilities, lines, equipment, hookups or appurtenances including, utilizing or related to lines twelve inches or less in diameter.

(c) All electric facilities, lines, equipment or appurtenances, not including substations, with an associated voltage of 55,000 volts or less; the overbuilding of existing distribution lines (55,000 volts or less) with transmission lines (up to and including 115,000 volts); within existing rights of way or developed utility corridors, all electric facilities, lines, equipment or appurtenances, not including substations, with an associated voltage of 115,000 volts or less; and the undergrounding of all electric facilities, lines, equipment or appurtenances.

(d) All natural gas distribution (as opposed to transmission) lines and necessary appurtenant facilities and hookups.

(e) All developments within the confines of any existing electric substation, reservoir, pump station vault, pipe, or well: Additional appropriations of water are not exempted by this subsection.

(f) Periodic use of chemical or mechanical means to maintain a utility or transportation right of way in its design condition: Provided, the chemicals used are approved by Washington state and applied by licensed personnel. This exemption shall not apply to the use of chemicals within watersheds that are controlled for the purpose of drinking water quality.

(g) All grants of rights of way by agencies to utilities for use for distribution (as opposed to transmission) purposes.

(h) All grants of franchises by agencies to utilities.

(i) All disposals of rights of way by utilities.

(24) **Natural resources management.** In addition to the other exemptions contained in this section, the following natural resources management activities shall be exempt:

(a) Issuance of new grazing leases covering a section of land or less; and issuance of all grazing leases for land that has been subject to a grazing lease within the previous ten years.

(b) Licenses or approvals to remove firewood.

(c) Issuance of agricultural leases covering one hundred sixty contiguous acres or less.

(d) Issuance of leases for Christmas tree harvesting or brush picking.

(e) Issuance of leases for school sites.

(f) Issuance of leases for, and placement of, mooring buoys designed to serve pleasure craft.

(g) Development of recreational sites not specifically designed for all-terrain vehicles and not including more than twelve campsites.

(h) Periodic use of chemical or mechanical means to maintain public park and recreational land: Provided, That chemicals used are approved by the Washington state department of agriculture and applied by licensed personnel. This exemption shall not apply to the use of chemicals within watersheds that are controlled for the purpose of drinking water quality.

(i) Issuance of rights of way, easements and use permits to use existing roads in nonresidential areas.

(j) Establishment of natural area preserves to be used for scientific research and education and for the protection of rare flora and fauna, under the procedures of chapter 79.70 RCW.

(25) **Wireless service facilities.**

(a) The siting of wireless service facilities are exempt if:

(i) The collocation of new equipment, removal of equipment, or replacement of existing equipment on existing or replacement structures that does not substantially change the physical

dimensions of such structures; or

(ii) The siting project involves constructing a wireless service tower less than sixty feet in height that is located in a commercial, industrial, manufacturing, forest, or agricultural zone.

(b) For the purposes of this subsection:

(i) "Wireless services" means wireless data and telecommunications services, including commercial mobile services, commercial mobile data services, unlicensed wireless services, and common carrier wireless exchange access services, as defined by federal laws and regulations.

(ii) "Wireless service facilities" means facilities for the provision of wireless services.

(iii) "Collocation" means the mounting or installation of equipment on an existing tower, building, structure for the purposes of either transmitting or receiving, or both, radio frequency signals for communication purposes.

(iv) "Existing structure" means any existing tower, pole, building, or other structure capable of supporting wireless service facilities.

(v) "Substantially change the physical dimensions" means:

(A) The mounting of equipment on a structure that would increase the height of the structure by more than ten percent, or twenty feet, whichever is greater; or

(B) The mounting of equipment that would involve adding an appurtenance to the body of the structure that would protrude from the edge of the structure more than twenty feet, or more than the width of the structure at the level of the appurtenance, whichever is greater.

(c) This exemption does not apply to projects within a critical area designated under GMA (RCW **36.70A.060**).

(26) **State transportation project.** The following Washington department of transportation projects and activities shall be exempt: The repair, reconstruction, restoration, retrofitting, or replacement of any road, highway, bridge, tunnel, or transit facility (such as a ferry dock or bus transfer station), including ancillary transportation facilities (such as pedestrian/bicycle paths and bike lanes), that is in operation, as long as the action:

(a) Occurs within the existing right of way and in a manner that substantially conforms to the preexisting design, function, and location as the original except to meet current engineering standards or environmental permit requirements; and

(b) The action does not result in addition of automobile lanes, a change in capacity, or a change in functional use of the facility.

(27) **Structurally deficient city, town and county bridges.** The repair, reconstruction, restoration, retrofitting, or replacement of a structurally deficient city, town or county bridge shall be exempt as long as the action:

(a) Occurs within the existing right of way and in a manner that substantially conforms to the preexisting design, function, and location as the original except to meet current engineering standards or environmental permit requirements; and

(b) The action does not result in addition of automobile lanes, a change in capacity, or a change in functional use of the facility.

"Structurally deficient" means a bridge that is classified as in poor condition under the state bridge condition rating system and is reported by the state to the national bridge inventory as having a deck, superstructure, or substructure rating of four or below. Structurally deficient bridges are characterized by deteriorated conditions of significant bridge elements and potentially reduced load-carrying capacity. Bridges deemed structurally deficient typically require significant maintenance and repair to remain in service, and require major rehabilitation or replacement to address the underlying deficiency.

[Statutory Authority: RCW **43.21C.110**. WSR 16-13-012 (Order 15-09), § 197-11-800, filed 6/2/16, effective 7/3/16. Statutory Authority: RCW **43.21C.110** and **43.21C.100** [43.21C.170]. WSR 14-09-026 (Order 13-01), § 197-11-800, filed 4/9/14, effective 5/10/14. Statutory Authority: RCW **43.21C.110**. WSR 13-02-065 (Order 12-01), § 197-11-800, filed 12/28/12, effective 1/28/13. Statutory Authority: RCW

43.21A.090, chapter **43.21C** RCW, RCW **43.21C.035**, **43.21C.037**, **43.21C.038**, **43.21C.0381**, **43.21C.0382**, **43.21C.0383**, **43.21C.110**, **43.21C.222**. WSR 03-16-067 (Order 02-12), § 197-11-800, filed 8/1/03, effective 9/1/03. Statutory Authority: 1995 c 347 (ESHB 1724) and RCW **43.21C.110**. WSR 97-21-030 (Order 95-16), § 197-11-800, filed 10/10/97, effective 11/10/97. Statutory Authority: RCW **43.21C.110**. WSR 84-05-020 (Order DE 83-39), § 197-11-800, filed 2/10/84, effective 4/4/84.]

	A	B	C	D	E	F	G	H	I	J	K	L
1	Scenario D capacity revised											
2	Land Use	Gross Residential	Gross com'l	commercial		Gross adjusted	Gross comme	Public	Market	Rec. home	Net res.	req'd.
3		capacity from	from Scenario A	multiplier	residential	resid. Cap.	capacity	use Facto	Factor	factor	capacity	
4	Designatio	Scenario C	A		multiplier			5%	25%	35%		
5												
6	ER1	1.49			0.95	1.42						
7	ER1P	16.25			0.95	15.44						
8	ER2	37.22			0.95	35.36						
9	ER2P	45.45			0.95	43.18						
10	ER412	20.47			0.95	19.45						
11	ER4P	158.43			0.95	150.51						
12	VC	498.99	167,248	0.95	0.20	99.80	158,886					
13	M	62	311,966	0.95	0.05	3.08	296,368					
14	SLI	0			0	0.00						
15	EAD	0			0	0.00						
16	EN	0			0	0.00						
17	V I/R	519.12			0.50	259.56	455,253					
18												
19	TOTAL	1359.08				627.79						905
20												
21		Required capacity	from Housing Needs Analysis (pg. 8 line 41, equals 690 units x 1.25x1.05 = 905 units									